OFFICIAL STATEMENT DATED JULY 23, 2014

REFUNDING ISSUE
NOT BANK QUALIFIED

Moody's Rating: Baa3

In the opinion of Bond Counsel, according to present State of Minnesota and federal laws, regulations and rulings, assuming compliance with certain covenants, the interest on the Bonds is not includable in gross income for federal income tax purposes or in net taxable income of individuals, estates and trusts for State of Minnesota income tax purposes, and is not an item of tax preference in determining federal or Minnesota alternative minimum tax applicable to individuals and corporations. Interest on the Bonds is subject to the State of Minnesota franchise tax applicable to corporations, including financial institutions, and is includable in the calculation of certain federal taxes imposed on corporations. The Bonds will not be designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code. (See "TAX EXEMPTION.")

AUGSBURG COLLEGE

$6,705,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Eight-C
(Augsburg College)
(DTC Book Entry Only)

Dated Date: Date of Delivery

Interest Due: May 1 and November 1, commencing November 1, 2014

The Bonds will mature annually on May 1 as follows:

Year	Amount	Interest Rate	Yield	CUSIP 60416H	Year	Amount	Interest Rate	Yield	CUSIP 60416H
2015	$430,000	1.00%	1.00%	D4 3	2020	$890,000	2.95%	2.95%	D9 2
2016	$430,000	1.25%	1.25%	D5 0	2021	$915,000	3.20%	3.20%	E2 6
2017	$415,000	1.55%	1.55%	D6 8	2022	$940,000	3.35%	3.35%	E3 4
2018	$845,000	2.00%	2.00%	D7 6	2023	$970,000	3.50%	3.50%	E4 2
2019	$870,000	2.40%	2.40%	D8 4					

The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Eight-C (Augsburg College) (the "Bonds") are subject to optional redemption prior to maturity, as described herein. See "THE BONDS – Prior Redemption – Optional Redemption." The Bonds are also subject to optional redemption in whole or in part in certain cases of damage to or destruction or condemnation of the Library and Information Technology Center described in the Loan Agreement and Indenture. The Bonds are also subject to optional redemption in whole or in part in the event of a Determination of Taxability, as described herein. See "THE BONDS – Prior Redemption – Extraordinary Optional Redemption" and "THE BONDS – Determination of Taxability."

The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of Depository Trust Company ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases may be made in book entry form only, in the principal amount of $5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. (See "THE BONDS – Book Entry Only System" herein). Wells Fargo Bank, National Association, Minneapolis, Minnesota will act as Trustee.

The Bonds are special obligations of the Minnesota Higher Education Facilities Authority (the "Authority") payable solely from Loan Repayments made by or on behalf of Augsburg College (the "College") pursuant to a Loan Agreement between the Authority and the College, or out of other amounts pledged pursuant to the Indenture as described herein. The Loan Repayments will be a general obligation of the College.

THE BONDS SHALL NOT BE LEGAL OR MORAL OBLIGATIONS OF THE STATE OF MINNESOTA, NOR SHALL THEY CONSTITUTE A DEBT FOR WHICH THE FAITH AND CREDIT OF THE AUTHORITY OR THE STATE OF MINNESOTA, OR THE TAXING POWERS OF THE STATE, ARE PLEDGED. THE AUTHORITY HAS NO TAXING POWERS.

The Bonds are offered when, as and if issued by the Authority and accepted by the Underwriter named below subject to the opinion as to validity and tax exemption of the Bonds by Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, Bond Counsel. Certain legal matters will be passed upon for the College by Nilan Johnson Lewis PA, Minneapolis, Minnesota; and for the Underwriter by Faegre Baker Daniels LLP, Minneapolis, Minnesota. The Bonds are expected to be available for delivery to the Underwriter at DTC on or about July 30, 2014.

Dougherty & Company LLC

No dealer, broker, sales representative or other person has been authorized by the Authority, the College or the Underwriter to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the College or the Underwriter. The information contained herein, except as it relates to the Authority, DTC, and the Trustee, has been obtained from the College and is not guaranteed as to accuracy or completeness. Information relating to the Authority, DTC and the Trustee has been obtained from such persons and is not guaranteed as to accuracy or completeness. Information regarding the tax-exempt status of the Bonds has been provided by Bond Counsel. Except for information concerning the Authority, the information contained herein is not to be construed as a representation by the Authority. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL CREATE, UNDER ANY CIRCUMSTANCES, ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE AUTHORITY OR THE COLLEGE SINCE THE DATE HEREOF.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement, they will be furnished on request.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUE AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

The Bonds have not been registered with the Securities and Exchange Commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, and there shall not be any sale of the Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale. The registration or qualification of these securities in accordance with applicable provisions of securities laws of the jurisdictions in which the Bonds may be registered or qualified and the exemption from registration or qualification in other jurisdictions shall not be regarded as a recommendation thereof. Neither these jurisdictions nor any of their agencies have passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

Certain of the parties involved in this financing have agreed to indemnify certain other parties for any untrue statement of a material fact contained in this Official Statement or any omission to state a material fact necessary to be stated in this Official Statement in order to make the statements contained herein not misleading.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED "FORWARD-LOOKING STATEMENTS," MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY WORDS SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE COLLEGE NOR ANY OTHER PARTY EXPECTS OR INTENDS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers provided in this Official Statement are included for convenience of the holders and potential holders of the Bonds. No assurance can be given that the CUSIP numbers for the Bonds will remain the same after the date of issuance and delivery of the Bonds. None of the Authority, the Underwriter, nor the College takes any responsibility for the accuracy of such CUSIP numbers.

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

Raymond VinZant, Jr., Chair	President, Ray VinZant Plumbing LLC, Resident of Wyoming, Minnesota
Kathryn Balstad Brewer, Vice Chair	Retired Banker and Educator, Resident of New Brighton, Minnesota
Mark Misukanis, Secretary	Assistant Professor, Metro State University, Resident of Mendota Heights, Minnesota
Gary D. Benson	Director of Project Planning & Development, Kraus-Anderson Construction Company, Resident of New Brighton, Minnesota
Paul Cerkvenik (Ex Officio)	President, Minnesota Private College Council, Saint Paul, Minnesota
Tim Geraghty (Ex Officio)	Chief Financial Officer, Minnesota Office of Higher Education, Saint Paul, Minnesota
Mary F. Ives	Real Estate Business Owner, Resident of Grand Rapids, Minnesota
Michael D. Ranum	Chief Financial Officer, BWBR Architects, Inc., Resident of Circle Pines, Minnesota
David D. Rowland	Executive Vice President, The Travelers Companies, Inc., Resident of Edina, Minnesota
Nancy Sampair	Retired Banker, Resident of Saint Paul, Minnesota

Marianne T. Remedios, Executive Director

Bond Counsel
Fryberger, Buchanan, Smith & Frederick, P.A.

Municipal Advisor
Springsted Incorporated

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OFFICIAL STATEMENT

$6,705,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

REVENUE BONDS, SERIES EIGHT-C
(Augsburg College)

(DTC BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and Augsburg College (the "College"), a Minnesota nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code with its main campus located in Minneapolis, Minnesota, in connection with the issuance of the Authority's $6,705,000 Revenue Bonds, Series Eight-C (Augsburg College) (the "Bonds" or the "Issue").

The Bonds are being issued pursuant to the provisions of Sections 136A.25 to 136A.42, Minnesota Statutes, as amended, by the provisions of which the Authority was created and authorized to issue its obligations to assist institutions of higher education within the State of Minnesota to finance and refinance certain projects.

The Bonds are also issued pursuant to the Trust Indenture (the "Indenture") to be dated as of July 1, 2014 between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Trustee will also be the Registrar and Paying Agent for the Bonds.

Pursuant to a Loan Agreement (the "Loan Agreement") to be dated as of July 1, 2014 between the College and the Authority, the Authority is loaning the Bond proceeds to the College and the College will covenant as a general obligation of the College to make Loan Repayments and deposits in amounts sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same shall become due.

The College will use Bond proceeds along with other funds to (i) refund on a current refunding basis the outstanding principal of the Authority's Revenue Bonds Series Six-C (Augsburg College), (the "Series Six-C Bonds" or "Series Six-C") maturing on and after May 1, 2015 (the "Refunded Bonds"); (ii) fund interest due on the Refunded Bonds to September 1, 2014 (the "Redemption Date"); (iii) fund a debt service reserve; and (iv) pay certain costs of issuance.

The Bonds are secured by a pledge of the Loan Repayments, which are a general obligation of the College. Under the Loan Agreement, the College agrees to provide the funds necessary to make timely payment of the Loan Repayments. See "SOURCE OF PAYMENT FOR THE BONDS AND FINANCIAL COVENANTS" herein.

The Bonds are also secured by the Reserve Account created under the Indenture and held by the Trustee. The Reserve Account will be funded in the amount of the Reserve Requirement from proceeds of the Bonds. See "ACCOUNTS – Reserve Account."

The Bonds shall not be legal or moral obligations of the State of Minnesota nor constitute a debt for which the faith and credit of the Authority or the State of Minnesota or the taxing powers of the State are pledged. The Authority has no taxing powers.

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to such documents. See Appendices IV and V for definitions of certain words and terms used herein and for a description of certain provisions of the documents hereinafter referred to.

RISK FACTORS

No person should purchase Bonds without carefully reviewing the following information which sets forth some, but not all, of the factors which may affect the Owners' receipt of payments of the principal of or interest on the Bonds.

Risk of Insufficient Collateral

The Bonds are secured by (a) a pledge of amounts payable by the College under the Loan Agreement, and (b) amounts in the Reserve Account and other accounts and funds which will be held by the Trustee and applied to the payment of principal, premium, if any, and interest on the Bonds. The Bonds are not secured by a mortgage on or security interest in any real property or personal property. If an Event of Default occurs, there can be no assurance that security for the Bonds will be sufficient to pay the principal of, premium, if any, or interest on the Bonds when due.

Obligation of the College

No entity or person other than the College is, or shall be, in any way liable or responsible for any payments to be made under the Loan Agreement, the Trust Indenture, or the Bonds or the other obligations of the College under such documents. Accordingly, for payment of principal and interest on the Bonds, holders of the Bonds must look solely to the Loan Repayments to be made by the College under the Loan Agreement and the Reserve Account and other funds, if any, the Trustee holds under the Indenture.

Adequacy of Revenues

Payment of principal of and interest on the Bonds is intended to be made from the College's Loan Repayments. The College's ability to make Loan Repayments will be dependent on its ability to generate sufficient unrestricted revenues in excess of expenditures. Such revenues and expenditures are subject to many conditions and factors, some of which may be beyond the control of the College and may change in the future to an extent that cannot be presently determined.

Competition

There is intense competition among institutions of higher education for students both nationally and within the upper Midwest region from which the College draws the majority of its students. Universities and colleges compete principally based on location, net tuition rates, degree offerings, and academic reputation. To the extent that competitors have or achieve an advantage with respect to any of these factors, the College could be adversely affected. In addition, competitive pressures could result in tuition reductions, the inability to raise tuition, or increases in financial aid in the form of discounted tuition, which could adversely affect the College's unrestricted net assets.

Changes in demographics, such as a decrease in the overall number of high school graduates or a decrease in the number of high school graduates who elect to go to college, could adversely affect the College's efforts to attract students.

Reliance on Tuition

The adequacy of College revenues is significantly dependent on the amount of future tuition revenue received by the College. Such revenue in turn will depend primarily on the ability of the College to charge sufficient rates for tuition and to maintain enrollment levels. Future enrollment levels will depend on the number of students applying to the College and accepting offers of admission. A number of factors, including, without limitation, levels of tuition rates and other fees, competition from other colleges, a change in the number of college-age students generally, and adverse general economic conditions could influence the number of applicants to the College.

Financial Aid

In 2013, approximately 95% of the College's undergraduate students received some form of financial assistance through scholarships, grants, loans and work study, from federal, state, College or private sources covering at least a portion of tuition, fees and living expenses. See Appendix I, "THE COLLEGE – Financial Aid" herein. No assurance can be given that federal and state financial aid and private third party financing will continue to be funded at current levels or that the College will continue to fund student aid at current levels. Curtailment of such aid may cause a decline in enrollment, which may in turn have an adverse effect on the College's revenues.

Damage or Destruction

Although the College will be required to obtain certain insurance as set forth in the Loan Agreement, there can be no assurance that the College will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss will not exceed the coverage of such insurance policies.

Bankruptcy

The ability of the Trustee to exercise rights under the Loan Agreement and the Indenture may be limited by bankruptcy, insolvency, reorganization, or other similar laws or equitable principles related to or affecting the enforcement of creditors' rights.

Pro Forma Debt Service Coverage

Certain historical operating revenue for the College and computed pro forma debt service coverage is provided in APPENDIX I under the caption "Estimated Annual Debt Service and Pro Forma Coverage Statement." The pro forma coverage is merely a mathematical computation as reflected in the applicable table and constitutes no assurance as to the future sufficiency of College revenues to satisfy College operations and Bond and other debt service requirements.

Endowment Portfolio Risk

Market conditions that negatively affect the College's investments may adversely affect debt service coverage and endowment spending. The College's Board of Regents has approved an investment policy which gives specific guidance about portfolio investments. The College's investment policy defines a diversified investment portfolio utilizing an external investment advisor. The operating budget of the College includes an annual contribution from endowment funds currently equal to 4.00% of the endowment's prior 12-quarter moving average. See also Appendix I, "THE COLLEGE – College Investments."

Unaudited Financial Information

Financial information for the period ended April 30, 2014 included in this Official Statement is unaudited and preliminary and subject to change.

Variable Rate Demand Obligation

The College has one outstanding variable rate demand obligation ("VRDO") in the amount of $3,200,000, representing approximately 10.5% of its outstanding indebtedness. The Variable Rate Demand Revenue Bonds, Series Six-J2 (Augsburg College) issued by the Authority are special, limited obligations payable solely from amounts drawn under a letter of credit (the "Letter of Credit") provided by BMO Harris Bank (the "Bank"). The Letter of Credit expires October 1, 2016. No assurance can be given that the College will be able to obtain an extension of the Letter of Credit or obtain an alternate letter of credit to secure the VRDO. Failure to obtain an alternate letter of credit when required could cause the VRDO to be subject to a mandatory tender in whole.

In addition, holders of the College's VRDO have the right to tender their bonds to the College for purchase on any business day upon seven days' notice. If the remarketing agent for the VRDO cannot place any or all of the tendered bonds with other purchasers, the trustee for the VRDOs is required to draw on the Letter of Credit to pay the purchase price for the tendered bonds. The College is obligated to reimburse the Bank for all draws on the Letter of Credit.

The Bonds will not be issued as a VRDO. However, the failure to remarket the College's VRDO following a mandatory or optional tender may adversely affect the ability of the College to pay debt service on the Bonds. In addition, upward changes in VRDO rates could increase interest expense for the College and adversely affect the ability of the College to make timely payments to the Trustee for the debt service on the Bonds. The College has not entered into any interest rate swaps or hedges with respect to its VRDO.

Other Possible Risk Factors

The occurrence of any of the following events, or other unanticipated events, could adversely affect the operations of the College:

(1) Inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, without being able to obtain corresponding increases in revenues.

(2) Adoption of federal, State or local legislation or regulations, such as limits on tuition increases, having an adverse effect on the future operating or financial performance of the College.

(3) International events, including any acts of war and terrorism, which may have adverse effects on enrollment and investments.

See also "TAX EXEMPTION – Minnesota Tax Considerations" herein.

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"), the College will enter into an undertaking (the "Undertaking") with the Trustee for the benefit of beneficial owners of the Bonds to provide certain financial information and operating data relating to the College to the Municipal Securities Rulemaking Board annually, and to provide notices of the occurrence of any of the fourteen events enumerated in the Rule not later than ten business days after the occurrence of the event. The specific nature of the Undertaking, as well as the information to be contained in the annual report or the notices of listed events is set forth in the Continuing Disclosure Agreement to be executed by the College (the “Continuing Disclosure Agreement”) at the time the Bonds are delivered, a copy of which is available from the College or the Trustee. Appendix III, " Information to be Provided as Continuing Disclosure," contains a summary of the financial information and operating data to be provided annually. The Continuing Disclosure Agreement may be amended under certain circumstances as permitted by the Rule.

Furthermore, the College has reserved its right to discontinue providing information required by the Continuing Disclosure Agreement or the Rule, if a final determination is made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful, and to modify the terms of the Continuing Disclosure Agreement if a court of competent jurisdiction or the College determines that such modification is required or permitted by the Rule.

The College has never failed to comply in any material respect with any previous undertakings under the Rule to provide annual reports or notices of material events. A failure by the College to comply with the Undertaking will not constitute an event of default on the Bonds (although holders will have other remedies at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure, or the information supplied by the College pursuant to the Undertaking, may adversely affect the transferability and liquidity of the Bonds and their market price.

THE BONDS

The Bonds will be issued in book-entry form, will be dated as their date of delivery and will mature annually each May 1, commencing May 1, 2015, as set forth on the cover page of this Official Statement. The Bonds are being issued in denominations of $5,000 and integral multiples thereof not exceeding the amount maturing on any principal payment date, and shall be fully registered as to principal and interest. Interest on the Bonds will be payable on each May 1 and November 1, commencing November 1, 2014.

Book Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds in the aggregate principal amount of each such maturity and will be deposited with DTC.

For further detail on DTC, see Appendix VI, “The Depository Trust Company.”

Optional Redemption

The Bonds maturing on or after May 1, 2022 are subject to optional redemption at the College's direction on May 1, 2021 and on any day thereafter at par plus accrued interest. Redemption may be in whole or in part and if in part in such order of maturity as the College directs and selected by random means within a maturity, in integral multiples of $5,000.

Extraordinary Optional Redemption

The Bonds will also be subject to optional redemption at par and accrued interest in integral multiples of $5,000, as a whole or in part, in certain cases of damage to or destruction or condemnation of the Library and Information Technology Center, and upon a Determination of Taxability as provided in the Loan Agreement (see "THE BONDS – Determination of Taxability" and "SUMMARY OF DOCUMENTS – The Loan Agreement").

Partial Redemption

If fewer than all Bonds of a maturity are called for redemption, the Authority and the Trustee will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed.

In the case of Bonds of denominations greater than $5,000, if less than the full denomination of such Bonds then outstanding is to be called for redemption, then for all purposes in connection with redemption, each $5,000 of principal amount shall be treated as though it was a separate Bond of the denomination of $5,000 bearing the number borne by such fully registered Bond and a subnumber assigned by the Trustee. Interest shall cease to accrue on the portion of the principal amount of such Bond represented by such $5,000 unit or units of principal amount on and after the date fixed for redemption provided that funds sufficient for payment of the redemption price shall have been deposited with the Trustee and available for the redemption of said $5,000 unit or units on the date fixed for redemption, and in such event, such Bond shall not be entitled to the benefit or security of the Indenture or the Loan Agreement to the extent of the portion of its principal amount (and accrued interest to the date fixed for redemption and applicable premium, if any) represented by such $5,000 unit or units of principal amount, nor shall new Bonds be thereafter issued corresponding to said unit or units.

Notice of Redemption

Notice of any redemption shall be mailed to the registered Owners at their addresses shown on the registration books of the Authority and maintained by the Trustee not less than 20 days, and if more than 60 days, then again not less than 20 nor more than 60 days, before the date fixed for such payment. If moneys are available at the office of the Trustee to pay the redemption price on the date of redemption, any Bonds thus called shall not bear interest after the call date and, except for the purpose of payment by application of the funds so deposited, shall no longer be protected by the Indenture.

Determination of Taxability

If a Determination of Taxability is made that the interest payable on the Bonds is subject to federal income taxes by reason of the application of the provisions of the Internal Revenue Code and regulations thereunder in effect on the date of issuance, the affected Bonds shall bear additional interest equal to two percent (2.00%) per annum above the basic interest rate from the Date of Taxability effective until the date on which the principal of the Bonds is paid. **If a Determination of Taxability should occur, any monetary damages or loss resulting from or incident thereto shall be limited to the additional interest on the Bonds.** See "TAX EXEMPTION" and Appendix IV, "DEFINITION OF CERTAIN TERMS."

The College will have the option to prepay the Loan on the next date for which due notice of redemption can be given, in full or in part and on any date thereafter following a Determination of Taxability at a price of par and accrued interest (including additional interest from the Date of Taxability) and without a premium.

USE OF PROCEEDS

The Authority will loan Bond proceeds to the College that will, along with available College funds, if necessary, and moneys held by the Series Six-C Trustee and pledged to the payment of the Series Six-C Bonds, be used to (i) refund on a current refunding basis the outstanding principal of the Refunded Bonds; (ii) fund interest due on the Refunded Bonds to the Redemption Date; (iii) fund a debt service reserve; and (iv) pay certain issuance costs.

On the Closing Date, Bond proceeds, together with (a) balances in the Series Six-C Reserve Account and other accounts and moneys held by the Series Six-C Trustee and pledged to the payment of the Series Six-C Bonds and (b) other available funds of the College, will be deposited in the Series Six-C Redemption Account held by the Series Six-C Trustee. The funds so deposited to the Series Six-C Redemption Account will be used to redeem the Refunded Bonds on September 1, 2014. In accordance with the Series Six-C Indenture, the Series Six-C Bonds will no longer be considered outstanding under the Series Six-C Indenture upon such deposit for prepayment and will be payable solely from the Series Six-C Redemption Account.

The Refunded Bonds, to be prepaid and refunded, identified by CUSIP, are as follows:

Maturity Date May 1:	Principal	CUSIP: 60416H
2015	$ 375,000	EF 7
2016	$ 375,000	EG 5
2018*	$1,175,000	EJ 9
2020*	$1,750,000	EL 4
2023*	$2,960,000	EM 2
Total:	$6,635,000	

* *Term Bonds.*

SOURCES AND USES OF FUNDS

Sources of Funds	
Par Amount of the Bonds	$ 6,705,000.00
Funds held by Series Six-C Trustee	680,030.27
Total Sources	$ 7,385,030.27
Uses of Funds	
Deposit to Series Six-C Redemption Account	6,743,666.67
Deposit to Reserve Account	505,927.50
Costs of Issuance, including Underwriter Discount	135,436.10
Total Uses	$ 7,385,030.27

In the event issuance costs of the Bonds, including Underwriter's discount, exceeds 2% of Bond proceeds, such excess will be paid by the College from sources other than Bond proceeds.

SOURCE OF PAYMENT FOR THE BONDS AND FINANCIAL COVENANTS

Source of Payment

The Bonds will be special obligations of the Authority payable solely from Loan Repayments made by the College as required by the Loan Agreement or out of other amounts pledged therefor under the Indenture, including moneys and investments in the Reserve Account. The Reserve Account will be fully funded to the Reserve Requirement from proceeds of the Bonds on the date of issuance of the Bonds.

The Bonds are secured by the pledge of the Loan Repayments, which are a general obligation of the College, the Reserve Account, and other funds the Trustee holds under the Indenture. The College will agree pursuant to the terms of the Loan Agreement and the Indenture to make payments directly to the Trustee in such amounts and at such times as to assure that the Trustee has sufficient funds with which to pay the principal of and interest on the Bonds. The College agrees to make such payments out of its operating funds or any other moneys legally available.

The College will covenant and agree to charge tuition fees, other fees, rentals and charges which, together with the general funds or any other moneys legally available, will be sufficient at all times to make the Loan Repayments and other payments required under the Loan Agreement; to meet current operation and maintenance expenses of the Project Facilities; and to pay all other obligations of the College as they become due.

The Bonds shall not be legal or moral obligations of the State of Minnesota, nor shall they constitute a debt for which the faith and credit of the Authority or the State of Minnesota, or the taxing powers of the State, are pledged. The Authority has no taxing powers.

The College will also covenant that so long as the Bonds shall remain outstanding:

a. For at least two of the preceding three complete Fiscal Years for which Audited Financial Statements are available, the Revenue/Expenditure Test must be met.

b. For so long as the Bonds remain outstanding, the College shall incur no Funded Debt with a maturity in excess of two years (except for a refunding or refinancing of Funded Debt outstanding which does not increase the Maximum Annual Debt Service and further excepting that portion of Funded Debt for capital projects for which the College has received written and signed pledges of gifts for such project), unless (i) the average Debt Service Coverage Ratio for the two most recent Fiscal Years for which audited financial statements are available, or (ii) the Debt Service Coverage Ratio for the most recent Fiscal Year for which audited financial statements are available was at least 120% or 125%, respectively; provided that if the additional Funded Debt proposed to be incurred is to finance student housing, student dining, student union or other revenue producing facilities, there shall be added to the amount of Net Income Available for Debt Service for each Fiscal Year during the Test Period, for purposes of this paragraph (b), the estimated amount of Net Income Available for Debt Service to be derived from such facility in the first Fiscal Year following the estimated date of completion of such facility as estimated in a report of an Independent Management Consultant to the College and the Trustee; and provided further that if the Board of Regents has increased tuition, student fees or other rates or charges at or after the end of such Fiscal Year, for purposes of this paragraph (b), there shall be added to Net Income Available for Debt Service for each Fiscal Year during the Test Period the amount of such increase net of increased operating expenses, as estimated in a report of an Independent Management Consultant to the College and the Trustee; and provided further that if the additional Funded Debt proposed to be incurred is to finance equipment or facilities that will produce savings in operating costs of the College, as estimated in a report of an Independent Management

Consultant to the College and the Trustee, there shall be added to the amount of Net Income Available for Debt Service for each Fiscal Year during the Test Period, for purposes of this paragraph (b), the estimated net savings to be derived from such equipment or facilities in the first Fiscal Year following the estimated date of acquisition or construction of such equipment or facilities.

For purpose of these covenants, the following terms shall have the following meanings:

"Adjusted Increase (Decrease) in Unrestricted Net Assets" means the Increase (Decrease) in Unrestricted Net Assets, as reported in the Statement of Activities section of the audited financial report of the College; adjusted to: (a) exclude depreciation and amortization, (b) exclude net assets released from restriction representing acquisition of land, buildings and equipment, (c) exclude extraordinary gains or losses and accounting restatements or reclassifications; (d) exclude gains or losses from refunding or refinancing of indebtedness; (e) exclude unrealized net gains or losses on unrestricted investments or interest rate swaps; and (f) exclude gains or losses from the disposal of capital assets.

"Debt Service Coverage Ratio" means for any particular period, the ratio (expressed as a percentage) determined by dividing Net Income Available for Debt Service during the period by the total amount of principal of and interest required to be paid on Funded Debt during the period; provided that for purposes of calculating Debt Service Coverage Ratio pursuant to the Loan Agreement, Maximum Annual Debt Service of (a) then outstanding Funded Debt and (b) Funded Debt thereafter incurred or proposed to be incurred shall be substituted for the total amount of principal of and interest required to be paid on Funded Debt during the period.

"Funded Debt" means indebtedness (including a guarantee of indebtedness) for borrowed money having a maturity date of more than one year from the date of incurrence or assumption thereof and which, under generally accepted accounting principles, is shown on the balance sheet as a liability, including such indebtedness whenever payable if renewable at the sole option of the College for a term (including such renewal) of more than one year pursuant to the terms thereof or of a revolving loan agreement for a period of more than one year from the date of creation thereof unless and to the extent the lender thereunder may at its option require repayment at intervals of one year or less and including lease rental obligations with a term of more than one year from the date of incurrence or assumption by the College which, under generally accepted accounting principles, are shown on the balance sheet as a liability.

"Maximum Annual Debt Service" means the largest total amount of principal of and interest on Funded Debt payable by the College in any future Fiscal Year during which Bonds will (if paid at their stated maturity dates or redeemed in accordance with a mandatory sinking fund schedule) be outstanding subject to the following:

(i) if any part of the Funded Debt is outstanding variable rate indebtedness, the rate of interest on the variable rate indebtedness for future Fiscal Years shall be 120% of the average rate of interest for the two most recent Fiscal Years or, at the election of the College, for the then current interest period; if variable rate indebtedness is proposed to be incurred, the rate of interest shall be 120% of the average rate of interest for the past two years for similar variable rate debt, as certified by an Independent Management Consultant, or an investment banking firm selected by the College to underwrite the sale of such variable rate indebtedness;

(ii) if any part of the Funded Debt outstanding or to be incurred is a guarantee by the College of indebtedness of a third person or so-called "pass-through" or "covered" indebtedness (the College having borrowed money to re-lend to a third person), 75% or 100% of such Funded Debt shall be excluded if the third person (whose debt is guaranteed or whose payments are expected to service the College's obligations with respect to such Funded Debt) had a debt service coverage ratio (including in the computation of debt service, the debt service on the debt proposed to be incurred) of at least 125% or 150%, respectively, during the most recent Fiscal Year for which financial statements are available; provided that if such guarantee has been exercised within the past three years, such percentage of Funded Debt may not be so excluded;

(iii) the amount of debt service with respect to "balloon" indebtedness may, at the option of the College, be calculated on a level debt service basis over the period commencing on the later of (I) the incurrence thereof and (II) the date of issuance of Funded Debt for which the test in subsection (b) above is to be applied, ending on the date when the balloon is payable; as used herein, "balloon" indebtedness means Funded Debt 25% or more of the principal of which is due in any 12 month period;

(iv) the amount of debt service with respect to "put" indebtedness shall be calculated from and after the first put date next following the date on which the put indebtedness is incurred as if such put indebtedness bears interest at the Projected Rate as amortized on a level debt service basis of a twenty-five (25) year period; provided that if there is a written commitment from a bank or other financial institution to refinance the amount of any indebtedness which the College may be required to redeem or purchase, the debt service with respect to such put indebtedness may, at the option of the College, be calculated on the basis of the repayment schedule contemplated by such written commitment, commencing the date such commitment will (unless renewed) expire; "put" indebtedness means Funded Debt (A) which the College may be required, at the option of the holder thereof, to prepay or purchase prior to the stated maturity date thereof, in whole or in part, but if in part, in an amount 25% or more of the original principal amount thereof and (B), if subject to variable rates, is then in an interest rate reset period of more than two years;

(v) there shall not be taken into account any part of the Funded Debt of the College which has been refunded, refinanced or otherwise defeased under an arrangement whereby all future payments of such indebtedness will be met from moneys and investments and earnings thereon held by an indenture trustee or escrow agent, provided that any such investments shall be direct obligations of or obligations fully guaranteed by the United States of America;

(vi) if any part of such Funded Debt consists of crossover refunding debt, no part of the debt service with respect to such crossover refunding debt shall be taken into account prior to the crossover date, and after the crossover date, no part of the debt service of the refunded debt shall be taken into account;

(vii) if any part of such Funded Debt is "nonrecourse" indebtedness or Subordinated Indebtedness, no part of the debt service with respect thereto shall be taken into account; "nonrecourse" indebtedness means indebtedness secured by a mortgage of, security interest in, lien, charge or encumbrance on or pledge of property, real or personal, tangible or intangible, the liability for which is limited to the property financed by or located on or appurtenant to the property financed by such indebtedness, with no recourse to any other property of the College;

(viii) if any part of the Funded Debt outstanding or to be incurred constitutes capital appreciation bonds or notes, the amount of debt service to be taken into account shall be the excess of the accreted value of such bonds or notes in a Fiscal Year over the accreted value in the prior Fiscal Year; "capital appreciation bonds or notes" includes zero coupon bonds and notes and discount bonds or notes issued at less than 95% of the par value at maturity, provided that accreted values per year are established at the date of issuance thereof; and

(ix) the amount of any reserve fund for any Funded Debt or redemption fund which may be used only to pay, redeem, or purchase such Funded Debt incurred or proposed to be issued may be deducted from debt service for the Fiscal Year or Fiscal Years in which such Funded Debt finally matures and for payment of which the reserve or redemption fund moneys may be used without creating a default.

"Net Income Available for Debt Service" means the Adjusted Increase (Decrease) in Unrestricted Net Assets (plus interest payments on Funded Debt, excluding capitalized interest, if any).

"Projected Rate" means the fixed rate equal to the projected yield at par of an obligation, as set forth in the report of a Rate Setter, which report is acceptable to the Trustee as to form, and shall state that, in determining the Projected Rate, such Rate Setter reviewed the yield evaluations at par of not less than five (5) obligations selected by such Rate Setter, the interest on which is exempt from federal income tax, which obligations such Rate Setter states in its opinion are reasonable comparators to be utilized in developing such Projected Rate and which obligations: (1) were outstanding on a date selected by the Rate Setter, which date so selected occurred during the forty-five (45) day period preceding the date of calculation utilizing the Projected Rate in question; (2) to the extent practicable, are obligations of persons engaged in operations similar to those of the College and have a credit rating similar to that of the College; and (3) to the extent practicable, have a remaining term and amortization schedule the same as being assumed for the put indebtedness.

"Rate Setter" means an investment banking firm or other person knowledgeable about the market for comparators required to establish the Projected Rate and nationally recognized as experienced at establishing rates similar to the Projected Rate.

"Revenue/Expenditure Test" means the Adjusted Increase in Unrestricted Net Assets shall not be less than zero.

"Subordinated Indebtedness" means indebtedness, the payment of principal, premium, if any, and interest on which ("Subordinated Debt Service") is subordinated to payment of principal, premium, if any, and interest on the Bonds ("Bonds Debt Service") by a written instrument, a copy of which is filed with the Trustee, containing substantially the following terms of subordination: (A) no payment of Subordinated Debt Service shall be made by the College, if an uncured Event of Default exists under the Indenture for the Bonds, and (B) upon (i) acceleration of the indebtedness or the Bonds or (ii) any dissolution, winding up, reorganization, bankruptcy, insolvency or receivership of the College, all Bonds Debt Service then due and to become due in the future on the Bonds shall first be paid in full or provided for in accordance with the Indenture for the Bonds before an further payment of Subordinated Debt Service is made by the College or any receiver, trustee in bankruptcy, liquidating trustee or other person on behalf of the College.

"Test Period" means either the two most recent Fiscal Years for which audited financial statements are available or the most recent Fiscal Year for which audited financial statements are available, as appropriate.

For purposes of (a) and (b) above, all capitalized terms used but not otherwise defined in the Loan Agreement shall have the meanings provided for audits of colleges and universities, as applied by CliftonLarsonAllen LLP in the report of the College's financial statements for the Fiscal Year ended May 31, 2013.

Negative Pledge

The College covenants that, except for Permitted Encumbrances and except as otherwise permitted by the Loan Agreement, it will not mortgage, grant a lien upon, pledge, grant a security interest in, make an assignment of its interest in or permit the creation of any encumbrance on the Library and Information Technology Center.

ACCOUNTS

Summary

The Indenture will provide for the creation of certain trust accounts into which certain proceeds from the sale of the Bonds and revenues received as Loan Repayments under the Loan Agreement are to be deposited. These accounts include a Refunding Account, a Costs of Issuance Account, a Bond and Interest Sinking Fund Account, a Reserve Account, and a Redemption Account. The net proceeds of the original issue and sale of the Bonds are to be deposited into the Costs of Issuance Account, the Refunding Account, the Bond and Interest Sinking Fund Account, and the Reserve Account, as described below. Following Bond closing, amounts received by the Trustee from the College as Loan Repayments are to be deposited into the Bond and Interest Sinking Fund Account, the Reserve Account, and the Redemption Account as required by the Loan Agreement and used, to the extent needed, to redeem or pay the principal of and interest on the Bonds when due.

Refunding Account

On the Issue Date, there shall be deposited into the Refunding Account Bond proceeds in an amount sufficient, together with funds in the Series Six-C Trustee's possession and available therefor and additional College funds, if necessary, to fully redeem the principal of and accrued interest on the Refunded Bonds on the Redemption Date, which is on September 1, 2014. Monies in the Refunding Account shall immediately be transferred to the Series Six-C Redemption Account established under the Series Six-C Indenture in amounts sufficient, together with such other funds, to fully redeem the Refunded Bonds on the Redemption Date.

Costs of Issuance Account

Initially there shall be deposited into the Costs of Issuance Account an amount of Bond proceeds specified in the Indenture, not to exceed two percent (2%) of the Bond proceeds (less Underwriter's discount) and funds contributed by the College to pay costs of issuance in excess such 2% test. The College may present invoices to the Trustee representing costs incurred in connection with the issuance of the Bonds which the Trustee shall pay from the Costs of Issuance Account. Any moneys remaining in the Costs of Issuance Account after six months following the Bonds' delivery date shall be transferred to the Bond and Interest Sinking Fund Account.

Bond and Interest Sinking Fund Account

Deposits shall be made to the Bond and Interest Sinking Fund Account from transfers of amounts in other accounts, as permitted by the Indenture, and from Loan Repayments made by the College. Deposits into the Bond and Interest Sinking Fund Account shall be made at least two (2) Business Days prior to each Interest Payment Date in amounts equal to interest and, if applicable, principal due on such Interest Payment Date.

The moneys and investments in the Bond and Interest Sinking Fund Account will be irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, for the payment of principal of and interest on the Bonds as and when such principal and interest shall become due and payable and for that purpose only.

Reserve Account

There shall be initially deposited into the Reserve Account from Bond proceeds the amount of the Reserve Requirement, which shall be the least of (a) one-half (1/2) of the maximum amount of principal of and interest on then Outstanding Bonds that accrues and is payable in any remaining Bond Year at the time of calculation or (ii) 10% of the principal amount of the Bonds or (iii) 125% of the average annual debt service of then Outstanding Bonds in the Bond Years remaining at the time of calculation. Funds in the Reserve Account are irrevocably pledged to the payment of principal of and interest on the Bonds, as may be required from time to time. All amounts paid by the College as Loan Repayments not deposited or required to be deposited into the Bond and Interest Sinking Fund Account or the Redemption Account will be deposited into the Reserve Account in order to maintain the Reserve Account in an amount not less than the Reserve Requirement.

In the event that a withdrawal of funds from the Reserve Account reduces the balance therein to a sum less than the Reserve Requirement, the College shall forthwith restore the deficiency, provided that if such funds are withdrawn in order to make any rebate payment required to be made by the Authority under the Loan Agreement, the Authority shall restore such deficiency or shall reimburse the College for amounts so withdrawn.

Investments in the Reserve Account shall be valued at market value. Investments in the Reserve Account shall be valued by the Trustee not less frequently than as of May 1, 2015 and semiannually thereafter. If upon any valuation date, the amount on deposit in the Reserve Account (exclusive of accrued but unrealized interest on moneys or investments therein) is more than the lesser of (a) the amount of the Reserve Requirement or (b) the amount permitted for a reasonably required reserve fund under the Arbitrage Regulations, the Trustee shall forthwith transfer the excess to the Bond and Interest Sinking Fund Account. If on any valuation date the amount on deposit in the Reserve Account is less than the amount of the Reserve Requirement, then (unless the value of the amount on deposit exceeds the amount allowed for a reasonably required reserve fund under the Arbitrage Regulations) such deficiency shall be restored to an amount equal to the amount of the Reserve Requirement within not more than 30 days.

Interest and income in the Reserve Account shall be transferred first, to the Bond and Interest Sinking Fund Account to the extent the amount on deposit in the Bond and Interest Sinking Fund Account is less than the amount permitted for a bona fide debt service fund under the Arbitrage Regulations, and second, to the Redemption Account any excess interest and income. When the moneys and investments in the Reserve Account shall be sufficient to pay the principal of and interest on all outstanding Bonds when due, such moneys and investments shall be transferred, as appropriate, into the Bond and Interest Sinking Fund Account or the Redemption Account; provided that the Trustee is authorized, in its discretion, to use funds and investments in the Reserve Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the College or the Authority shall have failed to pay or provide for the payment thereof under the Loan Agreement.

Redemption Account

There shall be deposited into the Redemption Account all other amounts required to be deposited therein pursuant to any provision of the Loan Agreement or the Indenture.

Amounts on deposit to the credit of the Redemption Account shall be used, first, to make up deficiencies in the Bond and Interest Sinking Fund Account; second, to create and maintain the Reserve Requirement in the Reserve Account; and, third, for the redemption of outstanding Bonds at the request or direction of the College and for the purchase of outstanding Bonds on the market at prices not exceeding the redemption price on the next available date for redemption. Notwithstanding the foregoing, the Trustee is authorized in its discretion to use funds and investments in the Redemption Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the College or the Authority shall have failed to pay or provide for the payment thereof under the Loan Agreement.

Authorized Investments

Moneys on deposit to the credit of the Bond and Interest Sinking Fund Account, the Reserve Account, and the Redemption Account shall be invested by the Trustee only in investments as authorized by Minnesota law from time to time. Section 5.04 of the Indenture sets forth specific parameters as to type, credit quality, and maturity of investments. See Appendix V, "SUMMARY OF DOCUMENTS – The Indenture" herein.

FUTURE FINANCING

The College regularly improves, expands and changes its physical plant and incurs long-term financing as needed for these purposes. The College is exploring capital improvements to its campus in conjunction with fundraising efforts to raise a substantial portion of the cost of the improvements, with the balance to be funded by debt. Undertaking the improvements will depend on the success of the College's fundraising.

THE AUTHORITY

The Minnesota Higher Education Facilities Authority was created by Chapter 868, Laws of Minnesota, 1971 (Sections 136A.25 through 136A.42, Minnesota Statutes), for the purpose of assisting institutions of higher education within the State in the construction and financing of projects. The Authority consists of eight members appointed by the Governor with the advice and consent of the Senate. A representative of the Minnesota Office of Higher Education and the President of the Minnesota Private College Council, who is a non-voting member, are also members of the Authority.

Marianne T. Remedios has been the Executive Director of the Authority since 2000.

Elaine J. Yungerberg has been Assistant Executive Director of the Authority since 1993.

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $1.3 billion. The Authority has had 202 issues (including refunded and retired issues) totaling over $2.1 billion, of which approximately $893 million is outstanding as of June 1, 2014. Bonds issued by the Authority are payable only from the loan repayments, rentals, and other revenues and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State.

Educational institutions eligible for assistance by the Authority are generally private nonprofit educational institutions authorized to provide a program of education beyond the high school level. Under current statutory authority, public community and technical colleges in the State are also eligible for assistance, but only in financing of child-care and parking facilities. In addition, pursuant to special legislation, the Authority has twice issued bonds on behalf of a public community college for housing purposes. Sectarian institutions are not eligible for assistance; however, the fact that an institution is sponsored by a religious denomination does not of itself make the institution sectarian. Application to the Authority is voluntary.

The scope of projects for which the Authority may issue bonds is broad, including buildings or facilities for use as student housing, academic buildings, parking facilities, day-care centers, and other structures or facilities required or useful for the instruction of students, or conducting of research, in the operation of an institution of higher education.

While the Authority retains broad powers to oversee planning and construction, it is current policy to permit the institution almost complete discretion with respect to these matters.

The Authority is also authorized to issue revenue bonds for the purpose of refunding bonds of the Authority and to refinance other debt for capital improvements.

The operations of the Authority are financed solely from fees paid by the participating institutions; it has no taxing power.

Bond issuance costs, including fees of bond counsel, the municipal advisor and trustee, are paid by the participating institution.

MUNICIPAL ADVISOR

The Authority has retained Springsted Incorporated, Public Sector Advisors, of Saint Paul, Minnesota ("Springsted"), as municipal advisor in connection with certain aspects of the issuance of the Bonds. In preparing the Official Statement, Springsted has relied upon College officials and other sources who have access to relevant data to provide accurate information for the Official Statement, and Springsted has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. Springsted is not a public accounting firm and has not been engaged by the Authority to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. Springsted is an independent advisory firm registered as a municipal advisor and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

UNDERWRITING

The Bonds are being purchased by Dougherty & Company LLC (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a purchase price of $6,664,770.00 (representing the aggregate principal amount of the Bonds less an underwriter's discount of $40,230.00, with no original issue discount or premium, and adjusted for net original issue (discount/premium) of $-0-).

The Underwriter intends to offer the Bonds to the public initially at the offering prices that result in the yields set forth on the front cover of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices.

The College has agreed in the Bond Purchase Agreement to indemnify the Underwriter and the Authority against certain civil liabilities, including certain potential liabilities under federal securities laws.

RATING

As noted on the cover hereof, Moody's Investors Service (“Moody’s”) has assigned a rating of Baa3 on the Bonds. The rating reflects only the view of such rating agency. Any explanation of the significance of the rating may be obtained only from Moody's.

There is no assurance that the rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

LITIGATION

The Authority and the College are unaware of any pending or threatened litigation which would affect the validity of the Bonds, the tax-exempt nature of the Bonds, the authority of either party to enter into the Bond-related documents or the ability of either to perform as described herein, or materially affect the ability of the College to pay the principal of or interest on the Bonds as the same become due.

LEGALITY

The Bonds will be subject to the unqualified approving opinion as to validity and tax exemption by Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, as Bond Counsel. A legal opinion in substantially the form set out in Appendix II herein will be delivered at Bond Closing.

Certain legal matters will be passed upon for the College by Nilan Johnson Lewis PA, of Minneapolis, Minnesota; and for the Underwriter by Faegre Baker Daniels LLP, Minneapolis, Minnesota.

TAX EXEMPTION

Federal Tax Considerations

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, (1) provisions relating to the expenditure of Bond proceeds, (2) provisions which prescribe yield and other limits relative to the investment of the proceeds of the Bonds and other amounts, (3) provisions which require that certain investment earnings be rebated periodically to the Federal government and (4) provisions relating to the ownership and operation of the facilities financed or refinanced by the Bonds. Noncompliance with such requirements may cause interest on the Bonds to become includable in gross income for purposes of Federal and State income taxation retroactive to their date of original issue, irrespective in some cases of the date on which such noncompliance is ascertained.

The Loan Agreement and Indenture contain provisions (the “Tax Covenants”) including covenants of the Authority and the College, pursuant to which, in the opinion of Bond Counsel, such requirements can be satisfied. The Tax Covenants do not relate to all the continuing requirements referred to in the preceding paragraph. If a Determination of Taxability occurs, however, whether or not as a result of violation of any of the Tax Covenants, the outstanding Bonds are subject to optional redemption without premium, and the Bonds shall bear additional interest at a rate of two percent (2%) per annum from the Date of Taxability until the respective dates on which the principal of the Bonds is paid. (See "SUMMARY OF DOCUMENTS – The Loan Agreement – Determination of Taxability" in Appendix V). A determination that interest on the Bonds is includable in the computation of the alternative minimum tax imposed on individuals under the Code is not a Determination of Taxability.

Assuming compliance with the Tax Covenants and on the basis of the certifications to be furnished at Bond Closing, in the opinion of Bond Counsel, under present laws and rulings, interest on the Bonds is not includable in gross income for federal income tax purposes. Interest on the Bonds is not treated as a preference item in determining federal alternative minimum taxable income of individuals and corporations. However, the interest is includable in "adjusted current earnings" for purposes of computing the federal alternative minimum taxable income of corporations.

The Code imposes a branch profits tax equal to 30% of the "dividend equivalent amount" which is measured by "earnings and profits" effectively connected to the United States, net of certain adjustments. Included in the earnings and profits of a United States branch of a foreign corporation is income that would be effectively connected with a United States trade or business if such income were taxable, such as the interest on the Bonds.

In addition, interest on the Bonds is includable in the net investment income of foreign insurance companies for purposes of Section 842(b) of the Code. In the case of a property, casualty or other insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as losses incurred under Section 832(b)(5) of the Code must be reduced by an amount equal to 15% of the interest on the Bonds that is received or accrued during the taxable year. In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for an S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than 25% of its gross receipts are passive investment income.

The Code further provides that interest on the Bonds is includable in the calculation of modified adjusted gross income in determining whether Social Security or railroad retirement payments are to be included in taxable income of individuals.

Minnesota Tax Considerations

Assuming compliance with the Tax Covenants and on the basis of the certifications to be furnished at Bond Closing, in the opinion of Bond Counsel, under present laws and rulings, interest on the Bonds is not includable in the taxable income of individuals, estates and trusts for Minnesota income tax purposes. Interest on the Bonds is not treated as a preference item in determining the Minnesota alternative minimum tax applicable to individuals, estates and trusts. However, the interest is subject to the Minnesota franchise tax imposed on corporations, including financial institutions, measured by taxable income and the alternative minimum tax base.

Minnesota, like many other states, generally taxes interest on obligations of governmental issuers in other states. In 1995, Minnesota enacted a statement of intent, codified at Minn. Stat. § 289A.50, subd. 10, that interest on obligations of Minnesota governmental units and Indian tribes be included in the net income of individuals, estates and trusts for Minnesota income tax purposes if a court determines that Minnesota's exemption of such interest and its taxation of interest on obligations of governmental issuers in other states unlawfully discriminates against interstate commerce. This provision applies to taxable years that begin during or after the calendar year in which any such court decision becomes final, irrespective of the date upon which the obligations were issued.

Changes in Federal and State Tax Law

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

From time to time there are Presidential proposals, proposals from various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Bondholders should consult their tax advisors with respect to collateral consequences arising from the receipt of interest on the Bonds, including without limitation the calculations of alternative minimum tax or foreign branch profits tax liability, or the inclusion of social security or other retirement payments in taxable income.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds will <u>not</u> be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

THE COLLEGE

The College is a nonprofit, co-educational, liberal arts college offering undergraduate and graduate degrees. Augsburg College was founded as a Lutheran seminary in Marshall, Wisconsin in 1869 and moved to Minneapolis, Minnesota in 1872. The first college students were enrolled in 1874 and the first graduation was in 1879.

The College is affiliated with the Evangelical Lutheran Church in America (ELCA). It is accredited by the North Central Association of Colleges and Schools and the National Council for the Accreditation of Teacher Education (Secondary and Elementary). It is a member of the Associated Colleges of the Twin Cities (ACTC) and is registered with the Minnesota Office of Higher Education in accordance with Minnesota Statutes.

Governance

The College is governed by a Board of Regents, consisting of no fewer than 20 members and not more than 40 members, each elected for a term of four years. Regents are elected by the governing members of the College, consisting of members from four synods of the ELCA, ten members from the Board of Regents, four faculty members, three College administrators, and two students. The Bishops of the Saint Paul Area Synod and Southeastern Minnesota Synod alternate with the Bishops of the Minneapolis Synod and Northwest Synod of Wisconsin and serve as members of the Board of Regents *ex officio* for three-year terms. The President of the College also serves as a member of the Board of Regents *ex officio*.

Regent:	Principal Activity and/or Location
Andra Adolfson	Business Development Director, Adolfson & Peterson Construction, Inc., Minneapolis, Minnesota
Dan W. Anderson	Chairman (Retired), AdvisorNet Financial, Minneapolis, Minnesota
Ann Ashton-Piper	President, the Bridge Group, Minneapolis, Minnesota
Jennifer P. Carlson, J.D.	Executive Vice President, Human Resources, U.S. Bancorp, Minneapolis, Minnesota
Rev. Steven H. Delzer *ex officio*	Bishop, Southeastern Minnesota Synod of the Evangelical Lutheran Church in America (ELCA), Rochester, Minnesota
Karen A. Durant	Vice President and Controller, Tennant Company, Golden Valley, Minnesota
Matthew K. Entenza, J.D.	Senior Advisor to Governor Mark Dayton, Saint Paul, Minnesota
Mark A. Eustis	Leadership and Governance Advisor, Clayton, Missouri
Anthony L. Genia Jr., MD	Physician, University of Minnesota Medical Center, Fairview, Minneapolis, Minnesota
Alexander J. Gonzalez	Financial Consultant, Thrivent Financial for Lutherans, Bloomington, Minnesota

Regent:	Principal Activity and/or Location
Norman R. Hagfors	Founder and President (Retired) Norsen, Inc., Minneapolis, Minnesota
Jodi L. Harpstead	Chief Executive Officer, Lutheran Social Service of Minnesota, Saint Paul, Minnesota
Rev. Rolf Jacobson, Ph.D.	Associate Professor of Old Testament, Luther Seminary, Saint Paul, Minnesota
Eric J. Jolly, Ph.D.	President, Science Museum of Minnesota, Saint Paul, Minnesota
Wayne Jorgenson	Senior Vice President, Wealth Management, UBS Financial Services, Inc., Bloomington, Minnesota
Toby Piper LaBelle	Senior Vice President, Capital Markets, Minneapolis, Minnesota
Hon. LaJune Thomas Lange, J.D.	President, International Leadership Institute, Minneapolis, Minnesota
André J. Lewis, Ph.D.	President (Retired), RBC Dain Rauscher Foundation, Minneapolis, Minnesota
Dennis J. Meyer	Chief Marketing and Business Development Officer, Robins, Kaplan, Miller & Ciresi, LLP, Minneapolis, Minnesota
Pam Hanson Moksnes	Vice President – Gift Planning, Lutheran Church Extension Fund, Chanhassen, Minnesota
Paul S. Mueller, MD	Staff consultant and Chair of the Division of General Internal Medicine, Mayo Clinic, Rochester, Minnesota
Jeffrey M. Nodland	President and CEO, KIK Custom Products, Concord, Ontario, Canada
Lisa M. Novotny	Vice President of Human Resources -- International, General Mills, Minneapolis, Minnesota
Paul C. Pribbenow, Ph.D., *ex officio*	President, Augsburg College, Minneapolis, Minnesota
Rev. Peter R. Rogness, *ex officio*	Bishop, Saint Paul Area Synod of the Evangelical Lutheran Church in America (ELCA), Saint Paul, Minnesota
Curtis A. Sampson	Chairman and Director, Communications Systems, Inc., Minnetonka, Minnesota
Gary A. Tangwall	Wealth Advisor with Thrivent Financial for Lutherans Landmark Group, Lake Elmo, Minnesota
Rev. Norman W. Wahl, D.Min.	Executive Pastor, Bethel Lutheran Church, Rochester, Minnesota
Bonnie Wallace	Fond du Lac Reservation Scholarship Division (Retired), Cloquet, Minnesota

Regent:	Principal Activity and/or Location
Steve J. Wehrenberg	Professional Program Director, Professional MA in Strategic Communication program, University of Minnesota, Minneapolis, Minnesota
Rev. Mark N. Wilhelm, Ph.D., *ex officio*	Program Director for Schools, Colleges and Universities, Evangelical Lutheran Church in America (ELCA), Chicago, Illinois

President

Paul C. Pribbenow, Ph.D., has been serving as the 10th president of Augsburg College since July 1, 2006. In his tenure at the College, Dr. Pribbenow has strived to strengthen the College's institutional calling and reinforce the College's commitments to global perspective, living faith, active citizenship, and meaningful work.

Prior to his tenure at Augsburg College, Dr. Pribbenow served as president of Rockford College in Rockford, Illinois from 2002 to 2006. Prior to joining Rockford College, Dr. Pribbenow served as research fellow for the Center of Inquiry in the Liberal Arts at Wabash College in Indiana and dean for College Advancement and secretary to the Board of Trustees at Wabash College. Prior to that position, he served as vice president for Institutional Advancement for The Art Institute of Chicago. He has also served as associate dean of the Divinity School of The University of Chicago. Dr. Pribbenow received his Bachelor's Degree in sociology/political science from Luther College, and his Master's Degree and Doctorate in social ethics from the University of Chicago.

Dr. Pribbenow serves on the Board of Directors of the National Association of Independent Colleges and Universities, the National Campus Compact Board of Directors, and the Minnesota Private College Council Board. Dr. Pribbenow also chairs the Vocal Essence Board of Directors and the Central Corridor Anchor Partnership.. Previously, Dr. Pribbenow chaired the state board of the Minnesota Campus Compact, Illinois Campus Compact and served on the visiting committee to the Divinity School of the University of Chicago. He received the William Burke Award for Presidential Leadership in Experiential Education from the National Society for Experiential Education in 2012. Dr. Pribbenow was also named a McCormick Presidential Civic Leader Fellow for 2003-04 and 2005-06. Dr. Pribbenow has authored numerous articles on the professions, ethics and not-for-profit management, publishes a bi-monthly e-mail newsletter, and has edited two collections of essays.

Provost and Chief Academic Officer

Dr. Karen L. Kaivola joined the College as Provost and Chief Academic Officer in July of 2013. Her duties include working with faculty, administration, and the Board of Regents to implement the College's strategic vision; providing oversight of the accreditation process, as well as planning, development, and administration of the academic program for graduate, undergraduate, and international programs; academic budgeting; and leadership of and advocacy for the faculty.

Dr. Kaivola most recently served as the associate provost for faculty development and J. Ollie Edmunds Chair in English at Stetson University in DeLand, Florida. She holds a master's and a Ph.D. in English from the University of Washington and a bachelor's degree in English from Georgetown University.

Vice President and Chief Information Officer

Mr. Leif Anderson has spent over 18 years at Augsburg College and has overseen the development of its IT infrastructure and information systems, placing a special emphasis on the faculty's use of technology to improve teaching and learning. Mr. Anderson holds a Master's in Public Affairs from the University of Minnesota's Humphrey School, where he focused on emerging models of shared administrative services for non-profit organizations. Alongside his leadership of IT at Augsburg, Mr. Anderson coordinates the college-wide strategic planning process and convenes Augsburg's Leadership Council.

Vice President of Student Affairs

Ms. Ann Garvey is the Vice President of Student Affairs at Augsburg College. She began at Augsburg in 1998, having worked in public and private, two-year and four-year institutions, in a variety of positions in student affairs over the past 30 years. Her experience includes work in academic advising, residence life, campus activities, orientation, career services, and student centers.

Ms. Garvey holds a B.A. from the College of St. Catherine, an M.A. (English) from Loyola University of Chicago, and a J.D. from the University of Minnesota.

Vice President of Marketing and Communication

Ms. Rebecca John is Augsburg’s vice president of marketing and communication. In this role, she oversees marketing, communication and brand management in support of the College's mission, its role in shaping higher education for the 21st century, and its annual and long-term revenue-generation goals. Prior to joining Augsburg in 2010, Ms. John held executive and marketing leadership positions in public and private companies in the technology infrastructure, internet development and financial services industries. She holds a Master's in Business Administration from Augsburg and a Master of Arts in Organization Management from the University of Phoenix.

Vice President for Finance and Administration, Chief Financial Officer

Dr. Beth Reissenweber, CPA, CMA, Ph.D., joined Augsburg College as the Vice President for Finance and Administration and Chief Financial Officer in June 2014. She has over 20 years of experience in strategic financial planning, treasury and investment management, risk assessment, and accounting and audit. Dr. Reissenweber comes to Augsburg from Aurora University, Aurora, Illinois, where she has been Vice President for Finance and Treasurer since 2008. Previously, she spent seven years at Roosevelt University, Chicago, Illinois, in a variety of financial roles. Dr. Reissenweber holds a B.S. in Business Administration from Elmhust College, an M.B.A. in Marketing from Indiana University, and a Ph.D. in Educational Studies from the University of Nebraska, Lincoln, Nebraska.

Vice President of Enrollment Management

Dr. William Mullen is Vice President for Enrollment Management. He joined Augsburg in that capacity in July of 2013 after serving as Vice President for Enrollment Management at the Minneapolis College of Art and Design, where he had been since 2003. He leads a team of 30 admissions and student financial services staff in building enrollment and leveraging financial aid strategies for Augsburg's undergraduate, adult undergraduate, graduate, and doctoral programs.

Dr. Mullen holds a doctorate in educational policy and development from the University of Minnesota and an MBA from Capella University. He earned a bachelor’s degree in sociology and education from Lawrence University in Appleton, Wisconsin.

Vice President of Institutional Advancement

Ms. Heather Riddle became Vice President of Institutional Advancement in September of 2012. She most recently served as director of development at Children’s Hospital and Clinics of Minnesota, and before that was Vice President of advancement at Concordia University in Saint Paul. Her duties at Augsburg are to lead: the campaign for the Center for Science, Business and Religion; growth of overall fundraising from all constituencies; the continued expansion of the College’s relationships with alumni, parents, corporations and foundations, and government agencies; and the abiding evolution of the College’s culture of philanthropy among alumni and friends, faculty and staff.

Ms. Riddle is a graduate of Concordia College in Moorhead, Minnesota.

Campus Facilities

The College's 24-acre main campus is located near downtown Minneapolis, adjacent to the University of Minnesota West Bank campus and Fairview University Medical Center (Riverside Campus). The College also maintains a campus location in Rochester, Minnesota housed in Bethel Lutheran Church (ELCA), a few blocks from the central downtown area. The Rochester campus offers both undergraduate and graduate programs. In conjunction with the College's Center for Global Education, the College maintains branch campuses and adjunct facilities in Mexico, El Salvador, Guatemala, Nicaragua and Namibia.

Approximately 53.2% of the students enrolled in the undergraduate day program live on campus.

Academic Information

Degrees Offered

The College offers the Bachelor of Arts, the Bachelor of Music and the Bachelor of Science degrees. The College offers undergraduate degrees in over 50 major areas of study. The College also offers the Master of Arts (in leadership, nursing and education), the Master of Fine Arts in Creative Writing, the Master of Business Administration, The Master of Music Therapy, the Master of Science (in physician assistant studies), the Master of Social Work, and the Doctor of Nursing practice degree.

Academic Calendar

The College's day program follows the semester calendar, with fall and spring semesters of approximately 14 weeks. Full-time students normally take four courses each semester. The calendar is coordinated with those of the four other colleges and universities of the Associated Colleges of the Twin Cities (Hamline University, Macalester College, St. Catherine University and the University of St. Thomas), so students have the ability to take courses on another campus during the regular term. In addition to classes offered on campus, Augsburg offers a variety of travel opportunities within the United States and abroad. Among the many Day and Adult Undergraduate program options are independent or directed study opportunities and internships.

Adult Undergraduate Programs

The Augsburg Adult Undergraduate program provides an educational alternative for adult students who work or have other commitments during the day. Students enrolled in the Adult Undergraduate program may earn a college degree, complete a second major or pursue a personal interest or skill. Adult Undergraduate classes normally meet on weekday evenings and alternate weekends following a semester calendar. Students may take from one to four classes each term.

The Rochester campus operates on a semester calendar. Classes are held on weekday evenings and meet alternate weeks. Courses and majors offered through the Adult Undergraduate program and the Rochester campus are the same as the day program; however, the curriculum is limited to selected liberal arts courses and majors.

Graduate Program

Designed for working adults, the Augsburg graduate program operates on weekday evenings and on Saturdays. The graduate program follows the semester calendar from September to May.

Student Body

The enrollment by program is:

Fall Semester	Day Program FTE	Adult Undergraduate FTE	Augsburg for Adults and Graduate Program FTE	Total FTE
2009	1,983	851	723	3,557
2010	2,047	835	768	3,650
2011	2,019	765	715	3,499
2012	1,926	695	669	3,290
2013	1,886	462	721	3,069

Of the full-time students enrolled for the fall 2013 semester, approximately 81.1% were Minnesota residents, 14.2% were from other states and 4.7% were from foreign countries.

Fall Semester	Day Program Headcount	Augsburg for Adults and Graduate Program Headcount	Total Headcount
2009	2,084	1,970	4,054
2010	2,132	1,977	4,109
2011	2,095	1,841	3,936
2012	1,980	1,740	3,720
2013	1,965	1,611	3,576

For Fall 2014, the total enrollment for all College programs is expected to be similar to 2013. The individual components will vary from the previous year with a slight increase expected in undergraduate day, a decline in Adult Undergraduate, and flat enrollment for graduate students.

Fall to Fall Undergraduate Student Retention

The College reports the following undergraduate retention rates based on tracking incoming freshmen, day program and adult undergraduates.

	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013
1st to 2nd Year Retention	80.5%	82.6%	77.2%	78.9%	81.6%
Day Program	83.8%	86.2%	81.8%	78.9%	80.8%
Adult Undergraduate Programs	73.5%	69.5%	66.8%	72.5%	66.9%

The College has made a significant commitment to providing access for underserved populations, and the retention results over the past five years are strong. The percentage of students of color in the first year class has grown from 25% to 38%, and first-generation college students have been between 35% and 47% of total enrollment. Currently, more than 30% of day program students have a zero Expected Family Contribution (EFC) as calculated by the Free Application for Federal Student Aid (FAFSA). These populations typically experience weaker retention compared to other students. The College has a number of student support programs and services in place to ensure the success of these underserved populations.

Applications, Acceptances and Enrollments

Day Program Freshmen:

Year	Applicants	Acceptances	Enrolled	Acceptance Ratio	Enrollment Ratio
2009	1,968	1,164	449	59.1%	38.6%
2010	2,218	1,196	412	53.9%	34.4%
2011	2,366	1,208	380	51.1%	31.5%
2012	2,129	1,283	380	60.3%	29.6%
2013	2,946	1,886	464	64.0%	24.6%

For fall 2014 the College received 2,772 freshman applications and sent 1,870 acceptances as of June 4, 2014. The fall 2014 goal for enrolled freshmen has been established at 450 students.

Day Program Transfers:

Year	Applicants	Acceptances	Enrolled	Acceptance Ratio	Enrollment Ratio
2009	493	339	169	53.8%	49.9%
2010	568	328	183	57.7%	55.8%
2011	614	323	205	52.6%	63.5%
2012	591	322	180	54.5%	55.9%
2013	443	288	164	65.0%	56.9%

Tuition and Fees

The College meets the cost of educational programs primarily through tuition and fees. The following table lists the schedule of fees charged full-time undergraduate students from the academic years 2009/10 through 2013/14.

	2009/10	2010/11	2011/12	2012/13	2013/14
Tuition and Fees	$27,020	$28,240	$29,802	$31,292	$33,154
Room	3,768	3,909	4,116	4,380	4,544
Full Board	3,746	3,840	3,956	4,075	4,238
Other Student Charges*	608	624	610	610	610
Total	$35,142	$36,613	$38,484	$40,357	$42,546

* *Certain other fees may be charged depending on activity or course of study.*

Part-time undergraduate students (students taking less than three courses during the semester terms) are charged $3,961 per credit for courses taken in 2014/15. The graduate program charges range from $550 to $894 per graduate course credit and the Adult Undergraduate program charges $1,830 per course credit for 2014/15.

2014-2015 Undergraduate Rate Comparison of Selected Minnesota Private Colleges (Ranked by Comprehensive Charges)

College/University	Tuition and Required Fees	Room and Board	Comprehensive Charges*
Carleton College	$47,736	$12,366	$60,102
Macalester College	$47,195	$10,496	$57,691
St. Olaf College	$41,700	$9,500	$51,200
Gustavus Adolphus College	$40,587	$9,110	$49,697
College of Saint Benedict	$39,402	$9,957	$49,359
Saint John's University	$38,704	$9,280	$47,984
Hamline University	$36,660	$9,392	$46,052
University of St. Thomas	$36,682	$9,200	$45,882
St. Catherine University**	$36,420	$8,894	$45,314
Augsburg College**	**$34,431**	**$9,104**	**$43,535**
Bethel University**	$32,990	$9,440	$42,430
Concordia College (Moorhead)	$34,114	$7,370	$41,484
The College of St. Scholastica**	$32,842	$8,598	$41,440
Minneapolis College of Art and Design	$34,146	$7,030	$41,176
Saint Mary's University of Minnesota**	$30,315	$7,965	$38,280
Bethany Lutheran College	$24,580	$7,710	$32,290
Concordia University, St. Paul**	$20,250	$8,000	$28,250
Average	$35,809	$9,024	$44,833

* *These are standard charges for first-time, full time, full-year undergraduate students, including fees assessed on all undergraduates. Some charges may vary depending on room, board and program choices.*

** *Six colleges have non-traditional programs for which a separate tuition applies.*

Source: The Minnesota Private College Council, website at: http://www.mnprivatecolleges.org/paying/tuition.php as of May 15, 2014.

Faculty and Staff

The teaching student-faculty ratio for 2013/14 was 15.2 to 1. There are no religious or denominational prerequisites or any participatory religious requirements for faculty membership. The College subscribes to the 1940 Statement of Principles on Academic Freedom and Tenure of the American Association of University Professors and the Association of American Colleges. The College employs 172 full-time and 183 part-time teaching faculty, for a total of 355 members.

Total employment of faculty and staff is approximately 691. The total compensation for faculty and staff, including benefits, for Fiscal Year 2013/14 was approximately $40.5 million.

Compensation of Full-Time Instructional Faculty

Academic Rank	Number of Faculty	Average Total Compensation
Professor	37	$98,065
Associate Professor	63	80,902
Assistant Professor	65	71,167
Instructor	7	60,222

Of the full-time faculty, 150 hold PhDs or terminal degrees in their fields and 33 hold Master's degrees. Approximately 57% are tenured.

Pensions

The College has two contributory defined contribution retirement plans for academic and non-academic personnel. Contributions are based on a percentage of compensation. The cost of the retirement plans amounted to approximately $2,253,000 and $2,167,000 for the Fiscal Years ended May 31, 2013 and 2012, respectively.

Unions

The International Union of Operating Engineers, Local 790, represents regular full-time and part-time maintenance, grounds, and custodial employees working at Augsburg College. The bargaining unit is made up of approximately 40 FTE employees. The current contract expires May 31, 2016. This is the only bargaining unit at the College.

Financial Aid

Approximately 95% of the College's students receive some form of financial aid from federal, state, College or private sources. Some of the federal and state financial aid programs apply to tuition and fees, whereas others provide for living expenses such as transportation, housing and personal expenses.

The following table sets forth a five-year summary of direct financial aid for students at the College.

	2008/09	2009/10	2010/11	2011/12	2012/13
Augsburg College	$17,983,831	$21,053,878	$23,418,165	$24,430,945	$24,959,414
Federal Government(a)	34,106,306	38,276,118	43,568,450	37,298,164	35,968,920
State of Minnesota	3,105,898	4,391,412	4,108,427	4,563,742	4,530,948
Other(b)	5,595,449	6,123,065	5,808,869	5,856,170	5,903,538
Total	$60,701,484	$69,884,473	$76,903,911	$72,149,021	$71,362,820
Percent of Enrollment Aided(c)	90.6%	92.1%	93.2%	93.8%	94.6%

(a) *Includes PELL Grants, Supplemental Educational Opportunity Grants, STAFFORD and other Guaranteed Student Loans, Perkins Student loans, and College Work Study Program.*

(b) *Includes endowed scholarships, third party private gifts and private (i.e. bank) loans.*

(c) *For all years shown above, percent of enrollment aided as a percent of full-time degree seeking undergraduates.*

Endowment

Following is a five-year history of the College's Endowment Investments at market value.

Year Ended May 31	Endowment Investments
2009	$24,513,575
2010	$27,930,077
2011	$33,268,035
2012	$29,778,094
2013	$34,552,630

The College's Endowment Investments as of April 30, 2014 totaled $38,212,935.

College Investments

The College's investment policy, which is established by the Finance Committee of the Board of Regents, has a target mix of 54% equity securities, 20% marketable alternatives, 16% real assets, and 10% fixed income securities for the College's invested funds. The normal annual spending rate of the College's endowment fund is at 4% of the 12-quarter average of the market value of the fund, as established by Board of Regents policy. The College engages an outside investment advisor.

Gifts and Grants

Gifts and grants revenues received by net asset classification for the College's prior five Fiscal Years, as reported in the annual financial statements of the College, are as follows:

Year Ended May 31	Unrestricted	Temporarily Restricted	Permanently Restricted
2009	$4,295,259	$3,272,288	$ 551,273
2010	$4,247,832	$1,965,086	$ 435,121
2011	$4,268,669	$4,040,039	$1,188,480
2012	$7,159,425	$3,856,346	$ 783,042
2013	$4,336,005	$3,867,213	$ 688,493

Statement of Financial Activity for Fiscal Years 2009 through 2013

The following table summarizes the College's statements of unrestricted activities for the Fiscal Years ended May 31, 2009 through 2013. For more complete information of the College for the Fiscal Years ended May 31, 2013 and 2012 see Appendix VII of this Official Statement containing the College's audited financial statements for that period. Unaudited financial information for the eleven month periods ended April 30, 2014 and 2013 are included in Appendix VIII of this Official Statement.

AUGSBURG COLLEGE

STATEMENT OF UNRESTRICTED ACTIVITIES
Years Ended May 31,

	2009	2010	2011	2012	2013
REVENUES, GAINS AND OTHER SUPPORT					
Tuition and fees	$ 69,469,135	$ 74,782,166	$ 79,778,761	$ 80,808,264	$ 80,122,356
Less: Scholarships and grants	(19,504,323)	(22,517,637)	(24,907,158)	(25,886,238)	(26,350,736)
Net tuition and fees	49,964,812	52,264,529	54,871,603	54,922,026	53,771,620
Government grants	3,131,281	3,228,174	3,370,343	3,185,719	3,078,537
Private gifts and grants	1,163,978	1,019,658	898,326	3,973,706	1,257,468
Endowment income	92	0	0	0	0
Investment income	202,237	107,146	113,378	70,523	60,244
Gains (losses) on endowment investments	(2,450,163)	1,451,608	3,724	(10,563)	(9,562)
Sales and services of educational activities	345,850	499,743	244,487	306,576	395,989
Other sources	834,486	1,464,526	850,415	1,117,580	1,009,350
Sales and services of auxiliary enterprises	9,344,677	10,048,132	9,554,186	9,846,731	9,992,312
Transfers			1,004,272	(1,081,984)	1,258,560
Adjustment of actuarial liability	(21,212)	22,254	(5,471)	1,845	3,003
	62,516,038	70,105,770	70,905,263	72,332,159	70,817,521
Net assets released from restrictions	2,492,347	4,506,147	4,079,187	4,594,938	4,089,933
Total Revenues, Gains and Other Support	65,008,385	74,611,917	74,984,450	76,927,097	74,907,454
EXPENSES AND LOSSES					
Program expenses					
Instruction	29,861,111	30,537,628	32,124,711	31,327,177	31,307,727
Academic support	5,333,566	6,117,375	6,267,118	5,792,497	5,477,227
Public service	1,199,122	2,290,945	2,034,996	2,054,928	1,678,566
Student services	12,887,048	13,302,523	14,001,856	14,352,487	14,239,105
Auxiliary enterprises	10,163,881	9,343,101	9,519,913	9,604,441	9,341,941
Support expenses					
Institutional support	9,588,374	9,225,412	10,258,277	10,411,561	11,153,628
Non-Allocable losses					
Disposal of plant assets, net	-	1,549,282	-	-	-
Total Expenses and Losses	69,033,102	72,366,266	74,206,871	73,543,091	73,198,194
Change in Net Assets before Reclassifications	(4,024,717)	2,245,651	777,579	3,384,006	1,709,260
Net asset reclassification due to change in law	(8,485,069)	-	-	-	-
Change in Net Assets	(12,509,786)	2,245,651	777,579	3,384,006	1,709,260
NET ASSETS -- Beginning of Year, as Adjusted	38,922,043	26,412,257	28,657,908	29,435,487	32,819,493
NET ASSETS -- END OF YEAR	$ 26,412,257	$ 28,657,908	$ 29,435,487	$ 32,819,493	$ 34,528,753

Source: Audited Financial Statements of the College

Long-Term Indebtedness as of June 1, 2014

1. The College has a sale leaseback arrangement with Hennepin County on its Ice Arena Facilities in the amount of $2,550,000. The bonds are a general obligation of Hennepin County, with annual lease payments being made by the College to Hennepin County to pay principal and interest. This is a 20-year lease with a final maturity due December 1, 2018. The outstanding balance is $860,000.

2. $6,780,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Six-C, dated April 1, 2005 ("2005 Bonds"). The 2005 Bonds are a general obligation of the College and secured by a pledge of loan repayments and a debt service reserve fund. The 2005 Bonds are fixed rate with outstanding interest rates from 4.75% to 5.00% on the final maturity due May 1, 2023. The outstanding balance on the 2005 Bonds is $6,635,000 and will be repaid on the Redemption Date, which is on or about September 1, 2014 with the proceeds of the Bonds.

3. $15,655,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Six-J1, dated July 1, 2006 ("2006-J1 Bonds"). The 2006-J1 Bonds are a general obligation of the College and secured by a pledge of loan repayments and a debt service reserve. The 2006-J1 Bonds are fixed rate with an interest rate of 5.00% on the final maturity due May 1, 2036. The outstanding balance on the 2006-J1 Bonds is $13,670,000.

4. $5,000,000 Minnesota Higher Education Facilities Authority Variable Rate Demand Revenue Bonds, Series Six-J2, dated July 27, 2006 ("2006-J2 Bonds"). The 2006-J2 Bonds are secured by the full faith and credit of the College and a letter of credit provided by BMO Harris Bank N.A. (formerly Harris N.A.). Interest is calculated at variable rates and averaged 0.16% per annum during Fiscal Year 2013. The final maturity is May 1, 2021. The outstanding balance on the 2006-J2 Bonds is $3,200,000.

5. $8,860,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Seven-G, dated October 13, 2010 ("2010 Bonds"). The 2010 Bonds are a general obligation of the College and secured by a pledge of loan repayments and a debt service reserve. The 2010 Bonds are fixed rate with interest rates from 1.75% to 5.00% and a final maturity of October 1, 2027. The outstanding balance on the 2010 Bonds is $6,230,000.

Short-Term Indebtedness

The College maintains a $3,000,000 unsecured line of credit with a local bank for cash-flow management purposes, which expires on March 1, 2015. The College has not drawn on the line of credit since 2010.

Estimated Maximum Annual Debt Service and Pro Forma Coverage Statement

The following table displays the pro forma debt service coverage for outstanding College funded debt, excluding the debt service on the Series Six-C Bonds, which the College expects to redeem in full on the Redemption Date, which is on or about September 1, 2014, and including the debt service on the Bonds. Coverage is calculated based on net income available for debt service for Fiscal Years 2012 and 2013 and estimated maximum annual debt service (MADS). The amount available for debt service is detailed in footnote (a) to the table.

The table is intended merely to show the relationship of amounts available for the College's debt service for Fiscal Years 2012 and 2013 to MADS based on existing outstanding College debt, excluding the Series Six-C Bonds and assuming issuance of the Bonds. It is not intended and should not be considered a projection of future revenues, expenses, debt service or debt service coverage of the College. There is no assurance that the future amounts available for debt service and debt service coverage of the College or the respective relationships thereof will correspond to the pro

forma amount available for debt service, pro forma debt service coverage, MADS or the respective relationships thereof shown by or reflected in the table as follows.

Estimated Maximum Annual Debt Service and Pro Forma Coverage

Fiscal Year Ending May 31	Net Income Available for Debt Service (a)	MADS (b)	Coverage (times)
2013	$5,449,417	$3,471,252	1.57
2012	$5,695,928	$3, 471,252	1.64

(a) *The Net Income Available for Debt Service, based on the College's audited financial statement for Fiscal Years 2012 and 2013 is calculated in the following table. The calculation of Net Income Available for Debt Service below is based on the definitions in the Loan Agreement for the Bonds. The financial covenants in the loan agreements for the College's other long-term debt exclude other items thereby reducing the net income available for debt service in such Fiscal Years.*

	Fiscal Year 2013	Fiscal Year 2012
Change in Net Assets before Reclassification	$ 1,709,260	$ 3,384,006
Plus: Depreciation, amortization and accretion	4,252,049	4,182,431
Plus: Interest expense	1,361,019	1,502,295
Less: Net assets released for buildings and equipment	(366,628)	(1,237,762)
Less: Equipment acquired, funded through operations and capitalized	(1,515,845)	(2,145,605)
Unrealized (gains) or losses on endowment investments on unrestricted net assets	9,562	10,563
Net Income Available for Debt Service	$ 5,449,417	$ 5,695,928

(b) *Includes debt service for the College's existing outstanding debt adjusted to exclude debt service for the Series Six-C Bonds which are expected to be redeemed on the Redemption Date, which is on or about September 1, 2014 and includes debt service on the Bonds at the rates displayed on the cover hereof. Portions of the College's outstanding debt consist of variable rate debt. The estimated interest rate on the variable rate debt is 0.789%, representing the one year average rate on the variable rate bonds through April 2014 plus a factor for letter of credit fees and remarketing fees.*

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PROPOSED FORM OF LEGAL OPINION

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$6,705,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
REVENUE BONDS, SERIES EIGHT-C
(AUGSBURG COLLEGE)

We have acted as bond counsel in connection with the issuance by the Minnesota Higher Education Facilities Authority (the "Authority") of its fully registered (initially book-entry) Revenue Bonds, Series Eight-C (Augsburg College), in the aggregate principal amount of $6,705,000 (the "Bonds"), dated July 30, 2014. The Bonds mature on May 1 in the years 2015 through 2023, and bear interest at the interest rates per annum specified in the Indenture (defined below) for each maturity, subject to an increase in such interest rates in the event of a Determination of Taxability. The Bonds are subject to optional, mandatory and extraordinary redemption prior to maturity as provided in the Indenture.

The Bonds are issued for the purpose of funding a loan from the Authority to the Augsburg College (the "College"), a Minnesota nonprofit corporation, located in Minneapolis, Minnesota, in order to refund the Authority's $6,780,000 Revenue Bonds, Series Six-C (Augsburg College), dated April 1, 2005, as further described in the Loan Agreement. We have examined executed counterparts of the Loan Agreement (the "Loan Agreement") between the Authority and the College and the Trust Indenture (the "Indenture") between the Authority and Wells Fargo Bank, National Association, in Minneapolis, Minnesota, as Trustee (the "Trustee") each dated as of July 1, 2014, one or more opinions of Nilan Johnson Lewis PA, as counsel to the College, the form of the Bonds prepared for execution and such other documents as we deemed necessary for the purpose of the following opinion.

As to questions of fact material to our opinion, we have relied upon certified proceedings, documents and certifications furnished to us by public officials and officials of the College without undertaking to verify such facts by independent investigation. We have also relied upon the opinion of Nilan Johnson Lewis PA as to the Loan Agreement having been duly authorized and executed and being binding upon the College, as to the corporate organization, tax-exempt status, good standing and powers of the College, all without examining the records of the College. We have also relied on a title insurance commitment current through June 3, 2014, as to the title of the Project Site (as defined in the Loan Agreement), without examining the original title records or abstracts of title.

Except as set forth in our opinion to Dougherty & Company LLC dated the date hereof, we have not been engaged or undertaken to verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto (except to the extent, if any, stated in the Official Statement).

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Authority is an agency of the State of Minnesota with authority under Sections 136A.25 to 136A.42, Minnesota Statutes, to issue the Bonds, to loan the proceeds thereof to the College and to execute and deliver the Loan Agreement and the Indenture to secure the Bonds.

2. The Loan Agreement and the Indenture are valid and binding instruments of the parties thereto, enforceable in accordance with their terms.

3. The Bonds are valid and binding limited obligations of the Authority, payable from and secured by the assignment of the loan repayments payable by the College under the Loan Agreement to the Trustee, scheduled to be made in amounts and at times sufficient (if timely paid in full) to pay the principal of and interest on the Bonds when due, and by the pledge of the funds and investments held by the Trustee under the Indenture and by the pledge of funds and rights to payment held by the Trustee, as assignee, under the Loan Agreement.

4. Assuming compliance with certain covenants in the Loan Agreement and Indenture, under existing laws, regulations, rulings and decisions as presently construed, the interest on the Bonds is not includable in gross income for purposes of federal income taxation or in taxable income of individuals, estates and trusts for purposes of Minnesota income taxation. Interest on the Bonds is not an item of tax preference required to be included in the computation of "alternative minimum taxable income" for purposes of the federal alternative minimum tax applicable to individuals under Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") or Minnesota alternative minimum tax applicable to individuals, trusts and estates. Interest on the Bonds, however, is includable in "adjusted current earnings" for purposes of the computation of "alternative minimum taxable income" of corporations under Section 55 of the Code and is subject to the Minnesota franchise tax imposed upon corporations, including financial institutions, measured by taxable income and the alternative minimum tax base. The Bonds are not arbitrage bonds within the meaning of Section 148 of the Code. The Bonds are "private activity bonds" within the meaning of Section 141(a) and "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code. Ownership of the Bonds will result in disallowance of a deduction for a portion of the interest expense of a "financial institution" under Section 265(b) of the Code. Reference is made to the caption "Tax Exemption" in the Official Statement for a description of the effect of certain provisions of the Code and Minnesota Statutes, relating to, among other things, the branch profits tax imposed on foreign corporations, losses incurred by property and casualty insurance

companies, Subchapter C earnings of S corporations, net investment income of foreign corporations, and the taxability of Social Security and railroad retirement benefits.

The rights of the holders of the Bonds and the enforceability of the Bonds, the Indenture and the Loan Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and receivership proceedings and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in accordance with principles of equity.

Dated: July 30, 2014

Respectfully submitted,

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INFORMATION TO BE PROVIDED AS CONTINUING DISCLOSURE

Annual Reporting

The Annual Report Date will be the date that is 270 days after the fiscal year end, commencing with the fiscal year ended May 31, 2014. The Annual Report will contain:

1. Audited financial statements for the most recent complete fiscal year.
2. The following financial and operating data contained in Appendix I to the Final Official Statement which shall be information as of the end of the most recent complete academic or fiscal year, as appropriate, of the matters covered by the Sections entitled:
   - Student Body
   - Fall to Fall Undergraduate Student Retention
   - Applications, Acceptance and Enrollments
   - Tuition and Fees
   - Faculty and Staff
   - Pensions
   - Unions
   - Financial Aid
   - Endowment
   - Gifts and Grants
   - Maximum Annual Debt Service and Pro Forma Coverage

Material Events to be Disclosed

The events enumerated in Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, which are to be disclosed are as follows:

(i) Principal and interest payment delinquencies;
(ii) Non-payment related defaults, if material;
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties (this is not applicable to the Bonds);
(v) Substitution of credit or liquidity providers, or their failure to perform (this is not applicable to the Bonds);
(vi) Adverse tax opinions or events affecting the tax-exempt status of the security, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed issue (IRS Form 5701-TEB) or other material notices or determinations with the tax-exempt status of the security;
(vii) Modifications to rights of security holders, if material;
(viii) Bond calls, if material, and tender offers;
(ix) Defeasances;
(x) Release, substitution, or sale of property securing repayment of the securities, if material;
(xi) Rating changes.
(xii) Bankruptcy, insolvency, receivership or similar event of the Reporting Party (when such event is considered to have occurred under the Rule);
(xiii) The consummation of a merger, consolidation, or acquisition involving the Reporting Party or the sale of all or substantially all of the assets of the Reporting Party, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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DEFINITIONS OF CERTAIN TERMS

Following are definitions of certain words and terms as used in the Indenture and Loan Agreement related to the Bonds. Definitions of some of the words and terms below may also appear elsewhere in this Official Statement.

Account or *Accounts:* One or more of the Accounts created under Article IV or V of the Indenture.

Act: Sections 136A.25 through and including 136A.42, Minnesota Statutes, as amended.

Arbitrage Regulations: All regulations and proposed regulations from time to time issued and in effect under Section 148 of the Internal Revenue Code (and former Section 103(c) of the Internal Revenue Code of 1954), including without limitation Treasury Regulations Sections 1.148-1 to 1.150-1.

Authority: The Minnesota Higher Education Facilities Authority.

Authorized Authority Representative: The person at the time designated to act on behalf of the Authority by written certificate furnished to the College and the Trustee, containing the specimen signature of such person and signed on behalf of the Authority by its Chair, Secretary or Executive Director or any officer authorized to act on behalf of the foregoing officers. Such certificate may designate an alternate or alternates.

Authorized Denominations: $5,000 and any integral multiples thereof.

Authorized Institution Representative: The President, the Provost, and the Vice President for Finance and Administration and Chief Financial Officer or any other person at the time designated to act on behalf of the College by written certificate furnished to the Authority and the Trustee, containing the specimen signature of such person and signed on behalf of the College by the Chairperson or Secretary of its Board of Regents or the President or any Vice President of the College. Such certificate may designate an alternate or alternates and in that case, specimen signatures for the alternates shall be provided as well. Persons holding any of the foregoing positions in an interim basis shall be included within the definition of Authorized Institution Representative.

Authorized Investments: Investments authorized for moneys in the Accounts created under Articles IV and V of the Indenture and described in the Indenture.

Beneficial Owner: With respect to any authorized denomination of a Bond in Book-Entry Form, each person who beneficially owns such Bond in such authorized denomination and on whose behalf, directly or indirectly, such authorized denomination of Bond is held by the Depository pursuant to the Book-Entry System.

Board of Regents: The Board of Regents of the Corporation, and includes any Executive Committee or other committee authorized to act for such board.

Bond and Interest Sinking Fund Account: The Bond and Interest Sinking Fund Account established pursuant to the Indenture.

Bond Closing: The original issuance, sale and delivery of the Bonds.

Bond Purchase Agreement: The Bond Purchase Agreement among the Authority, the College and the Underwriter relating to the Bonds.

Bond Resolution: The Series Resolution of the Authority to be adopted on June 18, 2014, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

Bond Year: With respect to the Bonds, (a) the period from the Issue Date to the close of business on May 1, 2015, and (b) each succeeding 12-month period ending at the close of business on May 1 of each year in which the outstanding Bonds, if paid at their stated maturity dates, will be outstanding.

Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Eight-C (Augsburg College).

Book-Entry Form: All Bonds, if such Bonds are all held (i) in the name of the Depository (or its nominee) with each Stated Maturity evidenced by a single Bond certificate or (ii) with the approval of the College, Authority and Trustee, in any similar manner for which Beneficial Owners do not receive Bond certificates evidencing their beneficial ownership in any of the Bonds.

Book-Entry System: A system of recordkeeping, securities clearance and funds transfer and settlement maintained for securities by the Depository and its Participants (or Indirect Participants).

Building Equipment: Those items of goods, equipment, furnishings, furniture, inventory, machinery or other tangible personal property now or hereafter owned by the College and located on the Project Site acquired from funds other than the proceeds of the Bonds, the Series Six-C Bonds, the Prior Obligations and the obligations refunded by the Series Four-F1 Bonds.

Business Day: Any day other than a Saturday, a Sunday, a legal holiday in the State of Minnesota or any other day that the Depository or banks in Minnesota are not open for business.

College or Corporation: Augsburg College, a Minnesota nonprofit corporation, as owner and operator of the Institution, its successors and assigns.

Continuing Disclosure Agreement: The Continuing Disclosure Agreement between the Trustee and the College, to be dated as of July 1, 2014, regarding the Bonds.

Costs of Issuance Account: The account established under the Indenture into which the Authority and Trustee shall deposit certain moneys for payment of costs of issuance of the Bonds.

Date of Taxability: The date as of which the interest on the Bonds shall be so determined to be includable in the gross income of the Owners thereof; provided, that no Bond shall bear additional interest for any period for which the statute of limitations shall be a bar to the assertion or collection of a deficiency of federal income taxes from the Owner of such Bond.

Default: A default on the part of the College in performance of any covenant or condition of the Loan Agreement which, with notice or passage of time or both, would or has become an Event of Default.

Depository: DTC or any other person who shall be a Holder of all Bonds directly or indirectly for the benefit of Beneficial Owners and approved by the Authority, College and Trustee to act as the Depository; provided any Depository shall be registered or qualified as a "clearing agency" within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended.

Determination of Taxability: A Notice of Deficiency issued by the Internal Revenue Service or a final decision of a court of competent jurisdiction to the effect that the interest payable on the Bonds is includable in gross income for purposes of federal income taxation by reason of the application of the provisions of Section 103 of the Internal Revenue Code, related sections and regulations thereunder, in effect on the date of issuance of the Bonds, as more fully provided in the Loan Agreement. A determination that interest on the Bonds is includable in the computation of any alternative minimum tax is not a Determination of Taxability.

DTC: The Depository Trust Company in New York, New York, its successors or assigns.

Event of Default: An Event of Default described in the Indenture or Loan Agreement and summarized in this Official Statement in the sections entitled "SUMMARY OF DOCUMENTS – THE INDENTURE – Events of Default" and "SUMMARY OF DOCUMENTS – THE LOAN AGREEMENT – Events of Default."

Financial Journal: The Bond Buyer, Finance & Commerce, The Wall Street Journal, or any other newspaper or journal devoted to financial news published in the English language in Minneapolis or Saint Paul, Minnesota, or in the City of New York, New York.

Fiscal Year: The College's fiscal year, and shall initially mean the 12-month period commencing on June 1 in each year.

Holder, Bondholder or Owner: The person in whose name a Bond shall be registered, except if any Bond is in Book-Entry Form, with respect to any consent or approval of a Holder of Bonds, the terms shall mean the Beneficial Owner.

Indenture: The Trust Indenture between the Authority and Wells Fargo Bank, National Association, as Trustee, to be dated as of July 1, 2014, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

Independent: When used with reference to an attorney, engineer, architect, certified public accountant, consultant, insurance consultant or other professional person, means a person who (i) is in fact independent, (ii) does not have any material financial interest in the College or the Institution or the transaction to which such Certificate or opinion relates (other than the payment to be received for professional services rendered), and (iii) is not connected with the Authority or the College or Institution as an officer, employee or member of the Authority, the College or Institution or Board of Regents of the College.

Independent Counsel: An Independent attorney duly admitted to practice law before the highest court of any state.

Independent Management Consultant: An Independent certified public accountant, Independent financial consultant or Independent management consultant having a favorable reputation for skill and experience in studying and reporting on operations of private nonprofit institutions of higher education satisfactory to the Authority.

Institution: Augsburg College, a Minnesota institution of higher education with its main campus located in the City of Minneapolis, Minnesota owned and operated by the College. The Institution is also referred to as the "College" elsewhere in this Official Statement.

Interest Payment Date: May 1 and November 1 of each year, commencing November 1, 2014, and any other date on which principal of and/or interest on the Bonds shall be due and payable.

Internal Revenue Code: The Internal Revenue Code of 1986 and amendments thereto.

Issue Date: The date on which the Bonds are delivered to the original purchaser thereof upon original issuance.

Loan Agreement: The Loan Agreement between the Authority and the College, to be dated as of July 1, 2014, as from time to time amended or supplemented.

Loan Repayments: Payments required to be made by the College to the Trustee pursuant to the Loan Agreement.

Net Proceeds: When used with respect to proceeds of insurance or a condemnation award, moneys received or receivable by the College as owner or lessee and the Trustee as secured party pursuant to the Indenture, less the cost of recovery (including attorneys' fees) of such moneys from the insuring company or the condemning authority, plus investment earnings thereon.

Opinion of Counsel: A written opinion of counsel (who need not be Independent Counsel unless so specified) appointed by the College or Authority and acceptable to the Trustee.

Outstanding: When used as of any particular time with reference to Bonds, without regard to capitalization of such term, means (subject to the provisions of the Indenture pertaining to Bonds held by the Authority and the College) all Bonds theretofore authenticated and delivered by the Trustee under the Indenture except: (i) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (ii) Bonds for the payment or redemption of which funds or direct obligations of or obligations fully guaranteed by the United States of America in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Article III of the Indenture, or provision satisfactory to the Trustee shall have been made for the giving of such notice; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the terms of the Indenture pertaining to replacement of Bonds.

Permitted Encumbrances: As of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that an Independent engineer certifies will not interfere with or impair the use of or operations being conducted in the Project Facilities, (iii) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Project Facilities (including, with respect to Project Equipment, purchase money security interests and equipment leases), and as do not in the aggregate, in the opinion of independent counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by the College, (iv) those additional encumbrances set forth in Exhibit C to the Loan Agreement, and (v) liens granted by the College to secure Funded Debt allowed under Section 6.14(b) of the Loan Agreement.

Prior Obligations: means the Series Four-F1 Bonds and the Series Four-W Notes.

Prior Project: means the Series Four-F1 Project and the Series Four-W Project.

Project: The refunding, on a current refunding basis, of the outstanding principal of the Series Six-C Bonds maturing on and after May 1, 2015, on the Redemption Date, funding the interest due on the Refunded Bonds through the Redemption Date, funding a debt service reserve and paying a portion of the issuance costs of the Bonds.

Project Buildings: The Library and Information Technology Center, the Anderson-Nelson Athletic Field (now known as the Edor-Nelson Athletic Field) and the President's Residence and Special Event Center, constructed or improved with proceeds of the Prior Obligations, or any obligations refunded by the Series Four-F1 Bonds, including investment earnings.

Project Equipment: All fixtures, equipment and other personal property of a capital nature acquired with the proceeds of the Prior Obligations, or any obligation refunded by the Series Four-F1 Bonds, including investment earnings.

Project Facilities: The Project Site, the Project Buildings and the Project Equipment as the same may at any time exist.

Project Site: The land on which the Project Buildings are located.

Redeem or *redemption:* Includes "prepay" or "prepayment" as the case may be, without regard to capitalization of such terms.

Redemption Account: The Redemption Account created under the Indenture for deposit of any moneys received which are not otherwise committed. Moneys in the Redemption Account shall be used (i) to create and maintain the required balance in the Bond and Interest Sinking Fund Account; (ii) to create and maintain the required balance in the Reserve Account; and (iii) to redeem or prepay outstanding Bonds to the extent permitted or required and to purchase outstanding Bonds for redemption and cancellation. Moneys in the Redemption Account may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the College or the Authority fails to provide for payment of any rebate.

Redemption Date: September 1, 2014.

Reference Rate: The interest rate per annum announced from time to time by Wells Fargo Bank, National Association, as its prime or reference rate, regardless of whether that interest rate is actually charged to any customer of said bank.

Refunded Bonds: The Series Six-C Bonds maturing, or subject to mandatory redemption, on May 1, 2015 through 2023, inclusive, and outstanding in the principal amount of $6,635,000 as of July 1, 2014.

Refunding Account: The Refunding Account established under the Indenture into which the Authority and Trustee shall deposit a portion of the proceeds of the Bonds. Amounts on deposit in the Refunding Account shall not be invested but shall be immediately transferred to the Series Six-C Bonds Trustee to be deposited in the Series Six-C Redemption Account established under the Series Six-C Indenture for the Series Six-C Bonds

Reserve Account: The Reserve Account established under the Indenture into which on the Issue Date will be placed Bond proceeds in the amount of the Reserve Requirement on the Issue Date. Moneys in the Reserve Account shall be used to pay principal of and interest on the Bonds if moneys in the Bond and Interest Sinking Fund Account or Redemption Account are not sufficient therefore and may be used in the Trustee's discretion to pay rebate due to the United States if the College or the Authority fails to provide for payment of any rebate.

Reserve Requirement: The least of (i) one-half (1/2) of the maximum amount of principal of and interest on the Outstanding Bonds that accrues and is payable in any remaining Bond Year, or (ii) 10% of the principal amount of the Bonds, or (iii) 125% of the average annual debt service of the then Outstanding Bonds in the Bond Years remaining at the time of calculation.

Series Four-F1 Bonds: The Authority's Mortgage Revenue Bonds, Series Four-F1 (Augsburg College), dated May 1, 1996, issued in the original principal amount of $7,700,000, the proceeds of which were loaned to the College to finance the Series Four-F1 Project.

Series Four-F1 Project: (i) The acquisition, construction, furnishing and equipping of a Library and Information Technology Center; (ii) the prepayment of the Authority's Revenue Notes, Series Two-Z (Augsburg College), dated August 1, 1990, originally issued to finance the acquisition and installation of a new campus telecommunications system, including wiring upgrade and a new administrative computer system and equipment and software; and (iii) the prepayment of the Authority's Lease, Series Three-P (Augsburg College–Sublessee), dated April 28, 1993, originally issued to finance the acquisition and installation of Astroturf surface for and an inflatable air structure over the Anderson-Nelson Athletic Field and related Astroturf sweeper/vacuum and storage shed; all located on the Institution's main campus, the principal street address of which is 2211 Riverside Avenue South, Minneapolis, Minnesota.

Series Four-W Notes: The Authority's Revenue Notes, Series Four-W (Augsburg College), dated September 25, 1998, issued in the original principal amount of $450,000, the proceeds of which were loaned to the College to finance the Series Four-W Project.

Series Four-W Project: The acquisition, improvement, furnishing and equipping of the President's Residence and Special Event Center, located at 2848 River Parkway West, Minneapolis, Minnesota.

Series Six-C Bond Account: The Bond and Interest Sinking Fund Account created under the Series Six-C Indenture.

Series Six-C Bond Documents: The Series Six-C Loan Agreement and the Series Six-C Indenture.

Series Six-C Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Six-C (Augsburg College), dated April 1, 2005, issued in the original principal amount of $6,780,000, the proceeds of which were loaned by the Authority to the College to finance the Series Six-C Project.

Series Six-C Bonds Trustee: Wells Fargo Bank, National Association.

Series Six-C Indenture: The Trust Indenture between the Authority and the Series Six-C Bonds Trustee, dated as of April 1, 2005.

Series Six-C Loan Agreement: The Loan Agreement between the Authority and the College dated as of April 1, 2005.

Series Six-C Project: The refunding of the Series Four-FI Bonds and prepayment of the Series Four-W Notes.

Series Six-C Redemption Account: The Series Six-C (Augsburg College) Redemption Account created under the Series Six-C Indenture.

Series Six-C Reserve Account: The Series Six-C (Augsburg College) Reserve Account created under the Series Six-C Indenture.

Stated Maturity: When used with respect to any Bond or any installment of interest thereon, the date specified in such Bond and in the Indenture as the fixed date on which principal of such Bond or such installment of interest is due and payable.

Trust Estate: The interest of the Authority in the Loan Agreement assigned under Granting Clause I of the Indenture; the revenues, moneys, investments, contract rights, general intangibles and instruments and proceeds and products and accessions thereof as set forth in Granting Clause II of the Indenture; and additional property held by the Trustee pursuant to Granting Clause III of the Indenture.

Trustee: The trustee at the time serving as such under the Indenture, and initially the Trustee will be Wells Fargo Bank, National Association, Minneapolis, Minnesota.

Underwriter: Dougherty & Company LLC, as original purchaser of the Bonds.

SUMMARY OF DOCUMENTS

THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. This summary does not purport to be complete and reference is made to the full text of the Loan Agreement for a complete recital of its terms. Certain words and terms used in this summary are defined in "DEFINITIONS OF CERTAIN TERMS," Appendix IV, contained herein.

Redemption of Refunded Bonds

On the Issue Date, the Authority and the College agree that the portion of the proceeds of the Bonds held in the Refunding Account, shall immediately transfer to the Series Six-C Bonds Trustee for deposit in the Series Six-C Redemption Account to be used and to effectuate the redemption and prepayment of the Refunded Bonds on the Redemption Date. The proceeds of the Bonds deposited in the Series Six-C Redemption Account shall be used, together with money in the Series Six-C Bond Account, the Series Six-C Reserve Account and additional funds of the College, shall be paid to the Series Six-C Bonds Trustee on the Issue Date, to pay the interest due on the Series Six-C Bonds on the Redemption Date, and to prepay and redeem the Refunded Bonds on the Redemption Date. The College agrees that it will provide, from available general funds, any such additional amounts necessary to prepay and redeem the Refunded Bonds on the Redemption Date and that the Authority shall have no obligation to provide moneys to pay the principal of or interest on the Series Six-C Bonds or costs of such refunding, other than from the funds and accounts described above. The Authority and the College agree to direct the Series Six-C Bonds Trustee to cause proper and timely notice of such redemption to be given by such trustee on behalf of the Authority in accordance with the provisions for such redemption under the Series Six-C Indenture. Any amounts remaining in the Series Six-C Redemption Account, Series Six-C Bond Account and Series Six-C Reserve Account upon redemption of the Refunded Bonds are to be returned or transferred in accordance with the Indenture.

Loan Repayments

Under the Loan Agreement, the College agrees to make Loan Repayments in amounts and at times sufficient to provide for payment in full of all principal of and interest and premium, if any, on the Bonds when due. To provide for such payments the College covenants to pay for the account of the Authority the following amounts:

(a) at least two Business Days prior to each May 1 and November 1, commencing November 1, 2014, the College shall deposit into the Bond and Interest Sinking Fund Account a sum which will be equal to the amount payable as interest on the Bonds on such interest payment date, and, at least two Business Days prior to each May 1, commencing on May 1, 2015, a sum equal to the amount payable as principal (whether at maturity or mandatory sinking fund redemption) of the Bonds on such principal payment date; provided however, that there shall be credited against such obligations (i) the net amount of funds and investments then on deposit to the credit of the Bond and Interest Sinking Fund Account, and (ii) any credits permitted by Section 5.01, 5.02, 5.03 or 5.04 of the Indenture (relating to retirement, purchase and cancellation of term bonds and the transfer to the Bond and Interest Sinking Fund Account of certain investment earnings and certain excess funds); and

(b) on or prior to a date established for the optional redemption or mandatory redemption and prepayment of the Bonds, the College shall deposit into the Redemption Account such amount, if any, as shall be necessary and sufficient to provide for the redemption of any Bonds called for redemption from the Redemption Account; and

(c) the College shall deposit forthwith into the Bond and Interest Sinking Fund Account or the Redemption Account, as appropriate, the amount of any deficiency in the event the funds on deposit in the Bond and Interest Sinking Fund Account or Redemption Account on any Bond principal or interest payment date are for any reason insufficient to pay principal of, premium, if any, and interest on the Bonds then due or then to become due (whether at maturity, or by call for redemption, or by acceleration of maturity); and

(d) the College shall deposit into the Reserve Account forthwith any amounts required to be deposited therein by Section 5.02 of the Indenture; and

(e) the College shall deposit into any fund or account designated by the Trustee such amount as may be determined by the Trustee to be necessary to comply with the provisions of Section 6.09(f) of the Loan Agreement and Section 5.05 of the Indenture (relating to arbitrage rebate).

Each payment under this Section shall be made directly to the Trustee at its principal corporate trust office for the account of the Authority for deposit as provided in the Indenture. The College shall furnish to the Authority, if the Authority so requests, advice of the transmittal of such payments at the time of transmittal of payment.

There is reserved to the College the right to prepay all or part of the Loan and to redeem Bonds prior to their maturity in certain events as described under "THE BONDS."

As additional payments, the College agrees to pay the annual fee of the Authority, fees and expenses of the Trustee, rebate of certain excess investment earnings to the United States, and certain other expenses.

Use of Project Facilities

The College will own, use and operate the Project Facilities at all times as educational facilities, eligible to be and defined as a "project" under the Act, and not as facilities for sectarian instruction or as a place of religious worship nor primarily in connection with any part of a program of a school or department of divinity for any religious denomination. The College agrees that it will not use or permit to be used the Project Facilities by any nonexempt person or in any unrelated trade or business as such term is defined in Section 513(a) of the Internal Revenue Code in such manner or to such an extent as would cause interest on the Bonds to be includable in gross income of the recipient for federal income tax purposes or loss of the College's status as an exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Maintenance of Project Facilities

The College agrees that, so long as there are Bonds outstanding, and subject to certain exceptions, the College will keep the Project Facilities in good repair and good operating condition at its own cost. The College will make such repairs, modifications and replacements as are necessary so that the Project Facilities will remain a "project" under the Act and interest on the Bonds will be exempt from federal income taxation, and may make such repairs, modifications and replacements as in the College's judgment are desirable, subject to the same conditions. The College may sell, transfer, lease or sublease or enter into agreements in the ordinary course of business for the use of the Project Facilities (i) so long as the tax-exempt status of the Bonds will not be affected thereby, (ii) no such transaction or agreement shall be inconsistent with the Loan Agreement, the Indenture, or the Act, (iii) the College shall remain fully obligated under the Loan Agreement as if such agreement had not been made, and (iv) in the case of such sale or transfer or in the case of any lease to or occupancy by persons who are not students, employees or faculty, an opinion of Bond Counsel is provided to the Trustee to the effect that tax exemption of the interest on the Bonds is not adversely affected. The College may demolish any Project Facilities which in the College's judgment are worn out, obsolete or require replacement, are no longer used, or the College, by resolution of the Board of Regents, has determined in its judgment are no longer useful.

Operating Expenses and Liens

The College will pay all utility charges and other charges arising from the operations of the Project Facilities which, if unpaid, would become a lien on the Project Facilities; provided that the College may in good faith contest such utility and other charges and any mechanics' or other liens filed or established against the Project Facilities, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Authority or Trustee shall notify the College that, in the opinion of Independent counsel, by nonpayment of any such items the Project Facilities or any part thereof will be subject to loss or forfeiture, in which event the College shall promptly pay and cause to be satisfied and discharged all such unpaid items.

Taxes and Other Governmental Charges

The College will pay, as the same respectively come due, all taxes, special assessments, license fees and governmental charges of any kind that may at any time be lawfully assessed or levied against, or with respect to the operations of the College, or the Project Facilities or any improvements, equipment or related property installed or brought by the College therein or thereon, or the Bonds, the Loan Agreement, the Indenture, or the interest of the Authority, the Trustee, or the Bondholders therein.

The College may, at its expense, in good faith contest any such taxes, assessments, license fees and other governmental charges and, in the event of any such contest, may permit the taxes, assessments, license fees or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee shall notify the College that, in the opinion of Independent counsel, by nonpayment of any such items the Project Facilities or any part thereof, or the revenue therefrom will be subject to loss or forfeiture, in which event such items shall be paid promptly.

Insurance

The College is required to maintain, or cause to be maintained, insurance as follows:

(a) Insurance against loss and/or damage to the Project Facilities and contents, including fire and extended coverage in an amount not less than 80% of the full insurable replacement value of the Project Facilities, with a deductible amount of not more than $250,000.

(b) Comprehensive general public liability insurance, including blanket contractual liability and personal injury liability and automobile insurance, in the minimum amount for each occurrence of $5,000,000 and aggregate for each year of $10,000,000, with a deductible amount of not more than $250,000 per occurrence, and against liability for injury to property in the minimum amount for each occurrence of $250,000.

(c) Workers' compensation insurance in such amount as is customarily carried by organizations in like activities of comparable size and liability exposure to the College,

Upon the written request of the College, the Trustee (i) may permit modifications to such insurance requirements and deductible amounts, including permission for the College to be self-insured in whole or in part for any comprehensive general public liability, upon such terms and conditions as the Trustee may require, and (ii) shall permit modifications to such insurance requirements and deductible amounts, including permission for self-insurance, in accordance with the recommendation of an Independent insurance consultant employed by the College and satisfactory to the Trustee.

Each required policy shall contain a provision that the insurer will not cancel or modify the policy without giving written notice to the College and the Trustee at least 30 days before the cancellation or modification of the policy limits below the insurance requirements set forth above becomes effective.

The College shall provide the Trustee with a certificate of insurance compliance on or before December 1 of each year.

Damage or Destruction

If the Project Facilities shall be damaged or partially or totally destroyed there shall be no abatement in the Loan Repayments, and to the extent that the claim for loss resulting from such damage or destruction is not greater than $1,000,000, the College will promptly repair, rebuild or restore the property damaged or destroyed with such changes, alterations and modifications (including the substitution and addition of other property) as will not impair the character or significance of the Project Facilities as educational facilities. To the extent that the claim for loss resulting from such damage or destruction exceeds $1,000,000, the College shall either repair, rebuild or restore the damaged facilities, or redeem and prepay the Bonds in whole or in part as more fully provided in the Loan Agreement.

The Bonds may be redeemed in whole if (i) all or part of the Library and Information Technology Center are damaged or destroyed to such extent that they cannot be reasonably restored within six months, or (ii) normal use and operation of the Library and Information Technology Center are interrupted for a six month period, or (iii) the cost of restoration of the Library and Information Technology Center exceeds the Net Proceeds by an amount described in the Loan Agreement. The Bonds may be redeemed in part if (i) all or a portion of the Library and Information Technology Center have been damaged or destroyed, (ii) the College determines that the Library and Information Technology Center or portion thereof, as the case may be, is not needed in its operations and (iii) the College has elected not to restore the Library and Information Technology Center or portion thereof, as the case may be. (Also see "THE BONDS – Prior Redemption – Extraordinary Redemption")

Condemnation

If at any time before the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the Indenture), title to any part of the Library and Information Technology Center shall be taken in any proceeding involving the exercise of the right of eminent domain, the College shall either redeem the Bonds in whole or in part or rebuild or restore such facilities, as more fully provided in the Loan Agreement.

If the Bonds are to be redeemed in whole or in part, such redemption shall be as described in the second paragraph under the caption "Damage or Destruction" above.

Removal of Project Equipment and Building Equipment

The College may remove or release Project Equipment and Building Equipment from the Project Facilities if no Default exists and upon the following conditions:

(a) the College may substitute equipment and related property for any Project Equipment and Building Equipment, provided that such substitution shall not materially impair the character or revenue producing significance of the Project Facilities;

(b) the College may release any equipment from the definition of Project Equipment (with or without the physical removal thereof) without substitution therefor, provided that the College pays a sum equal to the then value of such Project Equipment as determined by an Independent engineer selected by the College, to the Trustee for deposit in the Redemption Account for the redemption and prepayment of the Bonds; provided that if the depreciated book value of the equipment so released was less than $25,000, such release and such deposit to the Redemption Account may be effected without such determination of value and Certificate by an Independent engineer upon such showing by the College as may be satisfactory to the Trustee; and

(c) the College may remove any Building Equipment without substitution therefor provided that such removal will not materially impair the character or revenue producing significance or value of the Project Facilities.

In connection with (a) and (b) above, if the depreciated book value of the Project Equipment or in connection with (c) above, the depreciated value of Building Equipment to be substituted, removed or released equals or exceeds $25,000 the College will deliver to the Trustee a certificate signed by the Authorized Institution Representative stating that the substitution, removal or release of such equipment will not materially impair the character or revenue producing significance or value of the Project Facilities.

Indemnification

The College agrees to hold the Authority, its members and employees, harmless against any claim, cause of action, suit or liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project Facilities and the use thereof, including that caused by any negligence of the Authority or anyone acting in its behalf, provided that the indemnity shall be effective only to the extent of any loss that may be sustained by the Authority in excess of the net proceeds received by the Authority from any insurance carried with respect to the loss sustained.

The College agrees to indemnify and hold harmless the Authority against any and all losses, claims, damages or liability to which the Authority may become subject under law, and to reimburse the Authority for any out-of-pocket legal and other expenses (including reasonable counsel fees) incurred by the Authority in connection with investigating any such losses, claims, damages, or liabilities or in connection with defending any actions, insofar as the same relate to information furnished to the Authority by the College in connection with the sale of the Bonds.

College to Maintain its Existence and Accreditation

The College agrees that during the term of the Loan Agreement it will maintain its existence as a nonprofit corporation and maintain the Institution as an institution of higher education under the laws of Minnesota, accredited as such by recognized accrediting agencies and that it will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, except upon the conditions provided in the Loan Agreement. The conditions are the following: (a) if the surviving, resulting or transferee institution, as the case may be, is other than the College, such surviving, resulting or transferee corporation shall assume in writing all of the obligations of the College in the Loan Agreement, and be either a state university or college or a nonprofit corporation operating or authorized to operate an Institution of higher education under the laws of Minnesota, eligible to be a participating nonprofit institution under the Act, and complies and will comply with the provisions of the Loan Agreement against unlawful discrimination and requiring that the institution be nonsectarian; and (b) the College shall furnish to the Trustee an opinion of bond counsel that such consolidation, merger or transfer shall have no effect upon the tax-exempt nature of the interest on the Bonds under the Internal Revenue Code and regulations thereunder.

$150,000,000 Limitation on Outstanding Non-Hospital Bonds

The College has represented that the sum of the principal amount of the Bonds, plus the respective outstanding aggregate principal amounts of all tax-exempt nonhospital bonds issued on behalf of or for the benefit of the College and all organizations under common management or control with the College (other than qualified hospital bonds), within the meaning of Section 145 of the Internal Revenue Code, does not exceed $150,000,000, excluding nonhospital bonds issued on or after August 5, 1997 to finance capital expenditures incurred after August 5, 1997. Under the Loan Agreement, in no event will the College affiliate or consolidate with or merge into another corporation or sell or otherwise transfer to another institution all or substantially all of its assets or the assets of the Institution as an entirety if the effect of any such transaction would be to adversely affect the tax exempt status of the Bonds, such as by exceeding limitations on the outstanding aggregate principal amounts of all tax-exempt bonds issued by or on behalf of the College or such other resulting entity, and all organizations under common management or control with the College or such resulting entity, within the meaning of Section 145 of the Internal Revenue Code.

Federal Income Tax Status

The College represents that it presently is and agrees that it shall take all appropriate measures to assure that it remains an organization described in Section 501(c)(3) of the Internal Revenue Code, exempt from income taxes under Section 501(a) of such Code.

Institution to be Nonsectarian

The College agrees that the Institution will continue to be nonsectarian; will not require or forbid attendance by students or any other persons at religious worship or acceptance of any religious creed; and will not promulgate the distinctive doctrines, creeds or tenets of any particular religious sect. All courses of study at the Institution, including any religion or theology courses, will be taught according to the academic requirements of the subject matter and professional standards.

Determination of Taxability

In the event a Determination of Taxability is made at any time that interest on the Bonds is includable in gross income of the recipient for purposes of federal income taxation under the provisions of the Internal Revenue Code and regulations thereunder as in effect at the date of issuance of the Bonds, the Bonds shall bear additional interest at the rate of two percent per annum from the Date of Taxability until the respective dates on which the principal of the Bonds is paid. In addition, in the event of such Determination of Taxability, the Bonds shall be subject to optional redemption, as a whole or in part on the next date for which due notice can be given and any date thereafter at a redemption price equal to par plus accrued interest plus additional interest from the Date of Taxability.

Other Covenants

The College further agrees to comply with all applicable laws and regulations against unlawful discrimination, and not to discriminate as prohibited by Minnesota Statutes, Section 363A.13; to provide and file such financing statements and other instruments of further assurance as the Authority or Trustee may request; to perform all obligations imposed by the Internal Revenue Code and regulations thereunder with respect to the non-arbitrage status of the Bonds and to comply with the applicable rebate requirements under Section 148 of the Code and regulations thereunder; and to observe all applicable State laws and regulations, including those of the Authority, the Department of Education and the Minnesota Office of Higher Education, subject to the right of contest. The College agrees to indemnify the Authority from losses arising from certain representations made by the College regarding the absence of hazardous waste on the Project Facilities.

The Authority further agrees to comply with the applicable rebate requirements imposed under Section 148 of the Internal Revenue Code with respect (but only with respect) to amounts paid by the College to the Authority as the Authority's annual fee under the Loan Agreement.

Events of Default

Following are Events of Default under Section 7.01 of the Loan Agreement:

(a) If the College shall fail to make any Loan Repayment when due and either (i) on a Bond principal or interest payment date or redemption date the available moneys on deposit in the Bond and Interest Sinking Fund Account, Reserve Account, and Redemption Account are insufficient to pay when due principal, premium, if any, and interest on the Bonds, or (ii) such failure shall continue for five Business Days after notice from the Trustee or the Authority to the College that such payment has not been made; or

(b) If the College shall fail to comply with the provisions of Section 6.09(f) of the Loan Agreement (relating to arbitrage calculation and rebate requirements); or

(c) If the College shall fail to maintain the balance in the Reserve Account in the amount of the Reserve Requirement as defined in Section 5.02 of the Indenture, provided failure to comply with such requirement shall not become an Event of Default unless the College fails to restore such deficiency within a period of 30 days after written notice specifying such deficiency and requesting that it be remedied is given to the College by the Authority or the Trustee; or

(d) If the College shall fail to observe and perform for reasons other than force majeure any other covenant, condition or agreement on its part under the Loan Agreement for a period of 30 days after written notice, specifying such default and requesting that it be remedied is given to the College by the Authority or the Trustee; or

(e) If the College files a petition in voluntary bankruptcy, or for the composition of its affairs or for its corporate reorganization under any state or Federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or consents in writing to the appointment of a trustee or receiver for itself or for the whole or any substantial part of the property of the College; or

(f) If a court of competent jurisdiction shall enter an order, judgment or decree against the College in any insolvency, bankruptcy, or reorganization proceeding, or appointing a trustee or receiver of the College or of the whole or any substantial part of the property of the College, and such order, judgment or decree shall not be vacated or set aside or stayed within ninety days from the date of the entry thereof; or

(g) If, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the College or of the whole or any substantial part of its property, and such custody or control shall not be terminated within ninety days from the date of assumption of such custody or control.

The term "force majeure" as used above includes the following: acts of God; strikes, lockouts or other employee disturbances; acts of public enemies; orders, regulations or laws of any kind of the government of the United States of America or of the State of Minnesota or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions, breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the College. The provisions of paragraph (d) above, are subject to the further limitation that if the default can be remedied but not within a period of 30 days after notice and if the College has taken all action reasonably possible to remedy such default within such 30-day period, the default shall not become an Event of Default for so long as the College shall diligently proceed to remedy such default and in accordance with any directions or limitations of time made by the Trustee. The College agrees, however, to use its best efforts to remedy with all reasonable dispatch any cause or causes preventing the College from carrying out its agreements.

Remedies on Default

Whenever any Event of Default shall have happened, and be subsisting, the Loan Agreement provides that any one or more of the following steps may be taken:

(a) The Trustee may declare all or any amount of Loan Repayments thereafter to become due and payable for the remainder of the term of the Loan Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) The Trustee (or the Authority with respect to certain sections of the Loan Agreement) may take whatever action at law or in equity which may appear necessary or desirable to collect the payments then due and thereafter to become due.

(c) The Trustee may take whatever action in law or equity which appears necessary or desirable to enforce the security provided by or enforce any provision of the Loan Agreement or the Indenture.

Any amounts collected by the Trustee pursuant to the actions set forth above shall be applied first to advances and expenses, and then to payment of interest, principal and premium, if any, on the Bonds as provided in Section 7.04 of the Indenture, and any excess to the College.

Amendments

Except as otherwise provided in the Loan Agreement or in the Indenture, subsequent to issuance of the Bonds and so long as any Bonds are outstanding, the Loan Agreement may not be amended without the prior written consent of the Trustee.

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THE INDENTURE

The following constitutes a summary of certain provisions of the Trust Indenture (the "Indenture"). This summary does not purport to be complete and reference is made to the full text of the Indenture for a complete recital of its terms. Certain words and terms used in this summary are defined in "DEFINITION OF CERTAIN TERMS," Appendix IV, contained herein.

Granting Clauses

Pursuant to the Indenture, the Authority grants to the Trustee, as security for the Holders of the Bonds, the following:

(a) all right, title and interest of the Authority under the Loan Agreement and all Loan Repayments and other sums due under the Loan Agreement, except the rights of the Authority relating to fees and expenses, indemnity and advances;

(b) a first lien on and pledge of (i) the moneys and investments in the Accounts covenanted to be created and maintained under the Indenture, and (ii) all accounts, contract rights, general intangibles, moneys and instruments arising therefrom or relating thereto and all proceeds and products of and accessions to any thereof; and

(c) any and all other property of every name and nature from time to time conveyed, mortgaged, assigned or transferred, or in which a security interest is granted, by the Authority or the College or by anyone in behalf of them or with their written consent, to the Trustee.

Accounts

Bond proceeds, revenues and other funds derived under the Loan Agreement or Indenture shall be deposited into accounts held by the Trustee as described in "ACCOUNTS," contained in the body of this Official Statement.

Authorized Investments

Moneys on deposit to the credit of the Bond and Interest Sinking Fund Account, the Reserve Account and the Redemption Account shall be invested by the Trustee only in investments as authorized by law from time to time which currently and generally are as follows: direct obligations of the United States government and certain obligations issued or guaranteed by certain of its agencies; direct and general obligations of states rated at least in the rating category of "AA" or "Aa" or political subdivisions of states rated at least in the rating category of "AAA" or "Aaa"; revenue bond obligations of states and their political subdivisions insured by municipal bond insurance and rated "AAA" or "Aaa"; mutual funds or unit trusts which invest solely in the foregoing obligations of the United States government, its agencies, states and state political subdivisions or in certain repurchase agreements; constant dollar value money market funds that invest solely in the types of obligations or repurchase agreements in which the foregoing mutual funds may invest and which are rated in the highest rating category by a national credit rating agency; time deposits of insured state or national banks and other accounts fully insured by the Federal Deposit Insurance Corporation; certain guaranteed investment contracts issued by a bank or insurance company rated at least in the highest two rating categories of a nationally recognized rating agency; certain types of repurchase agreements; and certain commercial paper maturing in 270 days or less. Section 5.04 of the Indenture sets forth further restrictions as to type and maturity of investments.

Trustee's Right to Payment

The Trustee shall have a first lien, with right of payment prior to payment on account of interest on or principal of the Bonds for reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts created by the Indenture and exercise and performance of the powers and duties of the Trustee under the Indenture, and the cost and expenses incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful default of the Trustee).

Covenants of the Authority

Under the Indenture the Authority covenants, among other things, to perform its various undertakings and agreements; not to extend the maturity of any of the Bonds or the time of payment of any claims for interest; to take such action or cause and permit the Trustee to take such action as may be necessary or advisable to enforce the covenants, terms and conditions of the Loan Agreement, if such action shall, in the discretion of the Trustee, be deemed to be in the best interests of the Authority or the Bondholders; to comply with the applicable rebate requirements under Section 148(f) of the Internal Revenue Code and regulations thereunder; to keep proper books, accounts and records; and not to issue or permit to be issued any Bonds under the Indenture in any manner other than in accordance with the provisions of the Indenture and not to suffer or permit any default to occur under the Indenture. Under the Act, and it is expressly agreed that, the Authority has no obligation to make any advance or payment or incur any expense or liability from its general funds for performing any of the conditions, covenants or requirements of the Indenture or from any funds other than Loan Repayments or money in the Accounts.

Events of Default

The following are Events of Default under the Indenture:

(a) If payment of the principal of any of the Bonds, when the same shall become due and payable (whether at maturity or by proceedings for redemption or by declaration of acceleration or otherwise), shall not be made; or

(b) If payment of any interest on the Bonds when the same shall become due and payable (in which case interest shall be payable to the extent permitted by law on any overdue installments of interest, in each case at the interest rate borne by the Bonds in respect of which such interest is overdue) shall not be made; or

(c) If the Authority shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture, or in any supplemental indenture on the part of the Authority to be performed, and such default shall have continued for a period of 60 days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the Authority and to the College (giving the College the privilege of curing such default in the name of the Authority, if permitted by law) by the Trustee, which may give such notice in its discretion and shall give such notice upon written request of the Holders of not less than a majority in principal amount of the Bonds then outstanding; or

(d) If any "event of default" on the part of the College, as that term is defined in the Loan Agreement, shall occur and be continuing.

Remedies

If an Event of Default shall exist, the Trustee may, and upon written request of the Holders of a majority in aggregate principal amount of Bonds outstanding shall, by notice in writing delivered to the Authority, declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable subject, however, to the right of the Holders of a majority in aggregate principal amount of Bonds then outstanding, by written notice to the Authority and to the Trustee, to annul such declaration and destroy its effect at any time if all covenants with respect to which default shall have been made shall be fully performed or made good, and all arrears of interest upon all Bonds outstanding and the reasonable expenses and charges of the Trustee, its agents and attorneys, and all other indebtedness secured by the Indenture (except the principal of any Bonds which have not then attained their stated maturity and interest accrued on such Bonds since the last interest payment date) shall be paid, or the amount thereof shall be paid to the Trustee for the benefit of those entitled thereto.

In the case of the breach of any of the covenants or conditions of the Loan Agreement or the Indenture, the Trustee, anything therein contained to the contrary notwithstanding and without any request from any Bondholder (subject, however to its rights to indemnity and notice provided in the Indenture), shall be obligated to take such action or actions for the enforcement of its rights and the rights of the Bondholders and the rights of the Authority under the Loan Agreement as due diligence, prudence and care would require and to pursue the same with like diligence, prudence and care.

Upon the happening and continuance of an Event of Default, the Trustee may, and shall upon the written request of the Holders of not less than a majority in aggregate principal amount of outstanding Bonds, proceed forthwith by suit or suits at law or in equity or by any other appropriate remedy to enforce payment of the Bonds, to enforce application to payment of the Bonds the funds, revenues and income appropriated thereto by the Indenture and by the Bonds, to enforce the Loan Agreement and any such other appropriate legal or equitable remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of its rights or any of the rights of the Bondholders. Notwithstanding the foregoing, the Trustee need not proceed upon any such written request of the Bondholders, as aforesaid, unless such Bondholders shall have offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby.

Concerning the Trustee

The Trustee has no responsibility to use its own funds under the Indenture, but it may make advances at a rate equal to the Reference Rate, which advances are given priority of payment. The Trustee also has a lien with right of payment prior to payment on account of Bond interest or principal for reasonable compensation, expenses, advances and counsel fees. The responsibilities of the Trustee prior to an Event of Default are limited to express provisions of the Indenture, and at all times the Trustee shall not be liable unless it acts negligently or in bad faith. The Trustee is not required to institute suit or take other steps to enforce its rights and powers under the Indenture unless indemnified to its satisfaction against all costs and expenses. The Trustee and its officers and directors are authorized to acquire and hold Bonds and otherwise deal with the Authority or the College to the same extent as if it were not Trustee. Provision is made for the succession or replacement of the Trustee by another corporate Trustee with a minimum combined capital, surplus and undivided profits of $10 million in event of merger, resignation or removal by Holders of a majority in principal amount of outstanding Bonds, or in the event of disability, by the Authority or a court. Provision is also made for removal of the Trustee by Bondholders or the Authority, at the request of the College, provided that the Authority may, but is not required to remove the Trustee with or without the request of the College if an Event of Default has occurred and is continuing or a default which with the passage of time or the giving of notice will become an Event of Default has occurred and is continuing. The Authority may not remove a successor Trustee properly appointed by the Bondholders.

Concerning the Bondholders

No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for any remedy under the Loan Agreement unless a default has occurred of which the Trustee has been notified or of which it is deemed to have notice; nor unless also such default shall have become an Event of Default and the Holders of a majority in aggregate principal amount of Bonds outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted or to institute such action, suit or proceeding in its own name; nor unless also they shall have offered to the Trustee indemnity as provided in the Indenture; and no one or more Bondholders shall have the right to affect, disturb, or prejudice the lien of the Indenture by his or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner therein provided and for the equal benefit of the Holders of all Bonds outstanding.

The Trustee, upon the written request of the Holders of a majority in principal amount of the Bonds at the time outstanding, shall waive any default under the Indenture and its consequences, except a default in the payment of the principal of the Bonds at the date of maturity specified therein; provided, however, that a default in the payment of interest on the Bonds shall not be waived unless, prior to such waiver, all arrears of interest, and all expenses of the Trustee shall have been paid or shall have been provided for by deposit with the Trustee of a sum sufficient to pay the same. In case of any such waiver, the Authority, the Trustee and the Holders of the Bonds shall be restored to their former positions and rights respectively. No waiver of any default or Event of Default, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Provision is made for meetings of Bondholders, proof of ownership of Bonds and execution of consents and other instruments by Bondholders.

Defeasance

If the Authority and the College shall:

(a) pay or cause to be paid the principal of, and premium, if any, and interest on the Bonds at the time and in the manner stipulated therein and in the Indenture, or

(b) provide for the payment of principal of, premium, if any, and interest on the outstanding Bonds by depositing with the Trustee at or at any time before maturity an amount either in cash or direct obligations of the United States of America in such aggregate face amount, bearing interest at such rates, and maturing on such dates sufficient to pay the entire amount due or to become due for principal and premium, if any, and interest to maturity of all Bonds outstanding, or

(c) deliver to the Trustee (1) proof that notice of redemption of all of the outstanding Bonds not surrendered or to be surrendered to it for cancellation has been given or waived, or that arrangements have been made insuring that such notice will be given or waived, or (2) a written instrument executed by the College for the Authority and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Authority, or (3) file with the Trustee a waiver of such notice of redemption signed by the Holders of all such outstanding Bonds, and in any case, deposit with the Trustee before the date on which such Bonds are to be redeemed, the entire amount of the redemption price, including interest accrued and to accrue, and premium, if any, either in cash or direct obligations of the United States of America in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient to provide for the payment of the redemption price on the date such Bonds are to be redeemed and on any interest payment dates, or

(d) surrender to the Trustee for cancellation all Bonds for which payment is not so provided, and shall also pay or provide for the payment of the unpaid fees and expenses of the Trustee and the rebate of all amounts due or to become due to the United States under Section 148(f) of the Internal Revenue Code, then at the request of the Authority or the College all the Trust Estate shall revert to the Authority and the College as their interests appear, and the entire estate, right, title and interest of the Trustee, and of registered owners of such Bonds in respect thereof, shall thereupon cease, determine and become void; and the Trustee in such case, upon cancellation of all such Bonds for the payment of which cash or government obligations shall not have been deposited in accordance with the provisions of the Indenture, shall, upon receipt of a written request of the Authority and of a certificate of the Authority and an opinion of counsel as to compliance with conditions precedent (and, in the case of defeasance under paragraph (b) above, as to effect on tax exempt status), and at its cost and expense, execute to the Authority, or its order, proper instruments acknowledging satisfaction of the Indenture and surrender to the Authority or its order, all cash and deposited securities, if any (except that held for the payment of the Bonds), which shall then be held thereunder.

When the Authority or the College shall have deposited at any time with the Trustee in trust for the purpose, in the manner provided, or left with it if previously so deposited, cash or direct obligations of the United States of America sufficient to pay the principal of any Bonds (and premium, if any) when the same become due, either at maturity or otherwise, or at the date fixed for the redemption thereof and to pay all interest with respect thereto at the due date of such interest or to the date fixed for redemption, for the use and benefit of the Holders thereof, then upon such deposit all such Bonds shall cease to be entitled to any lien, benefit or security of the Indenture except the right to receive the funds so deposited, and such Bonds shall be deemed not to be outstanding thereunder; and from and after such redemption date or maturity, interest on such Bonds so called for redemption shall cease to accrue.

Supplemental Indentures

The Authority and the Trustee may enter into such supplemental indentures as shall by them be deemed necessary or desirable for any one or more of the following purposes, among others:

(a) to correct the description of any property conveyed or pledged by the Indenture or intended so to be, or to assign, convey, pledge or transfer and set over to the Trustee additional property for the benefit and security of the Holders and owners of all Bonds under the Indenture;

(b) to add to the covenants and agreements of the Authority or to surrender any right or power reserved to or conferred upon the Authority or any successor;

(c) to evidence the succession of any other department, agency, body or corporation to the Authority;

(d) to cure any ambiguity or to correct or supplement any defective or inconsistent provision contained in the Indenture or in any supplemental indentures or to make such other provisions in regard to matters or questions arising under the Indenture or any supplemental indenture as the Authority may deem necessary or desirable and which could have been contained in the Indenture or any supplemental indenture and which shall not impair the security of the same; and

(e) to modify the Indenture as authorized by the Bondholders pursuant to Section 11.04 of the Indenture.

In addition and subject to the provisions set forth below, the Holders of not less than 51% in aggregate principal amount of the Bonds under the Indenture then outstanding shall have the right to consent to and approve such supplemental indentures as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding in any particular, any of the terms or provisions of the Indenture or in any supplemental indenture; provided, however, that such provision shall not be construed as permitting without the consent of the Holders of all Bonds outstanding (a) an extension of the maturity of any Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of revenues ranking prior to or on a parity with the lien or pledge created by the Indenture, or (d) a preference or priority of any Bond over any other, or (e) a reduction in the aggregate principal amount of the Bonds the Holders of which are required to consent to such supplemental indenture or to amendments to the Loan Agreement.

Amendments to the Loan Agreement

The Authority and the Trustee shall, without the consent of or notice to any of the Bondholders, consent to and (if requested) execute any amendment, change or modification of the Loan Agreement as may be required (a) by the provisions of the Loan Agreement or Indenture, or (b) for the purpose of curing any ambiguity or formal defect or omission, or (c) so as to add additional rights acquired in accordance with the provisions of the Loan Agreement or (d) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Holders of the Bonds.

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Authority nor the Trustee shall consent to or execute any amendment, change or modification of the Loan Agreement without the written approval or consent of the Holders of not less than 51% in aggregate principal amount of the Bonds at the time outstanding, given and procured as provided in the Indenture. However, the Indenture does not permit a reduction in, or a postponement of, the Loan Repayments under the Loan Agreement without the consent of the Holders of all the Bonds then outstanding.

Registration

The Bonds shall be fully registered as to principal and interest at the principal corporate trust office of the Trustee, which shall also perform the functions of registrar and paying agent. Bonds may be transferred and exchanged by surrender to the Trustee with a written authorization by the registered Holder or his authorized attorney satisfactory to the Trustee subject to such reasonable regulations as the Trustee may prescribe and shall be without expense to the Holder, except as to any taxes or other governmental charges required to be paid. If the Bonds are no longer in book entry form, Bonds may be exchanged for a new Bond or Bonds of the same series, aggregate principal amount, maturity and basic interest rate of any authorized denominations. Payment of principal will be at the principal corporate trust office of the Trustee and interest shall be by check or draft of the Trustee mailed (or, pursuant to an agreement with the Trustee, by wire transfer) to the registered Owner at his address as shown on the registration books of the Trustee, subject to applicable procedures while in book entry form.

THE DEPOSITORY TRUST COMPANY

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, its agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED MAY 31, 2013 AND 2012

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CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Augsburg College
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Augsburg College (the College), which comprise the statements of financial position as of May 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Trustees
Augsburg College

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Augsburg College as of May 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 30, 2013

AUGSBURG COLLEGE
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2013 AND 2012

	2013	2012
ASSETS		
Cash and Cash Equivalents	$ 11,690,020	$ 8,869,667
Student Accounts Receivable, Net of Allowance	2,004,777	2,008,001
Government Grants Receivable	479,002	716,160
Other Receivables	733,006	870,438
Inventories	44,834	37,523
Prepaid Expense and Other Assets	650,696	895,781
Contributions Receivable	1,653,301	2,878,192
Student Loans Receivable, Net of Allowance	5,693,382	5,835,846
Cash Surrender Value of Life Insurance	595,519	578,587
Endowment Investments	34,552,630	29,778,094
Other Investments	2,352,031	4,056,726
Deposits Held by Trustee	2,540,392	2,581,598
Deferred Debt Acquisition Costs	378,501	406,465
Beneficial Interest in Funds Held in Trust	23,476	22,915
Construction in Progress	1,984,643	1,952,473
Property, Plant, and Equipment, Net	63,562,372	65,964,768
Total Assets	$ 128,938,582	$ 127,453,234
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 695,991	$ 1,291,886
Accrued Expenses	6,852,790	8,101,812
Deferred Revenue and Deposits	1,682,970	2,237,439
Long-Term Debt:		
Notes and Leases Payable to Minnesota Higher Education Facilities Authority	31,415,000	32,900,000
Loan Payable	1,010,000	1,150,000
Capital Lease Obligations	130,138	514,594
Annuities Payable	822,393	819,225
Funds Held in Custody for Others	345,340	371,373
U.S. Government Grants Refundable	4,983,642	4,968,728
Total Liabilities	47,938,264	52,355,057
NET ASSETS		
Unrestricted	34,528,753	32,819,493
Temporarily Restricted	17,833,447	14,350,038
Permanently Restricted	28,638,118	27,928,646
Total Net Assets	81,000,318	75,098,177
Total Liabilities and Net Assets	$ 128,938,582	$ 127,453,234

See accompanying Notes to Financial Statements.

AUGSBURG COLLEGE
STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2012)

	2013				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2012 Total
REVENUE					
Tuition and Fees	$ 80,122,356	$ -	$ -	$ 80,122,356	$ 80,808,264
Less: Scholarships and Grants	(26,350,736)	-	-	(26,350,736)	(25,886,238)
Net Tuition and Fees	53,771,620	-	-	53,771,620	54,922,026
Government Grants	3,078,537	-	-	3,078,537	3,185,719
Private Gifts and Grants	1,257,468	3,867,213	688,493	5,813,174	8,613,094
Change in Allowance for Uncollectible Pledges	-	(401,099)	(6,250)	(407,349)	(152,309)
Investment Income	60,244	230	-	60,474	70,547
Net Gain (Loss) on Investments	(9,562)	(16,822)	44,287	17,903	89,385
Sales and Services of Educational Activities	395,989	-	-	395,989	306,576
Other Sources	1,009,350	571,147	-	1,580,497	1,672,475
Sales and Services of Auxiliary Enterprises	9,992,312	-	-	9,992,312	9,846,731
Transfers	1,258,560	(1,231,633)	(26,927)	-	-
Adjustment of Actuarial Liability	3,003	2,992	9,869	15,864	61,905
	70,817,521	2,792,028	709,472	74,319,021	78,616,149
Net Assets Released from Restrictions	4,089,933	(4,089,933)	-	-	-
Total Revenue	74,907,454	(1,297,905)	709,472	74,319,021	78,616,149
EXPENSES					
Program Expenses:					
Instruction	31,307,727	-	-	31,307,727	31,996,252
Academic Support	5,477,227	-	-	5,477,227	5,474,602
Public Service	1,678,566	-	-	1,678,566	1,564,554
Student Services	14,239,105	-	-	14,239,105	14,253,232
Auxiliary Enterprises	9,341,941	-	-	9,341,941	9,626,586
Support Expenses:					
Institutional Support	11,153,628	-	-	11,153,628	10,519,392
Total Expenses	73,198,194	-	-	73,198,194	73,434,618
CHANGE IN OPERATING NET ASSETS	1,709,260	(1,297,905)	709,472	1,120,827	5,181,531
Endowment Income	-	406,595	-	406,595	475,001
Net Gain (Loss) on Endowment Investments	-	4,374,719	-	4,374,719	(3,803,103)
CHANGE IN NET ASSETS	1,709,260	3,483,409	709,472	5,902,141	1,853,429
Net Assets - Beginning of Year	32,819,493	14,350,038	27,928,646	75,098,177	73,244,748
NET ASSETS - END OF YEAR	$ 34,528,753	$ 17,833,447	$ 28,638,118	$ 81,000,318	$ 75,098,177

See accompanying Notes to Financial Statements.

AUGSBURG COLLEGE
STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2012

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE				
Tuition and Fees	$ 80,808,264	$ -	$ -	$ 80,808,264
Less: Scholarships and Grants	(25,886,238)	-	-	(25,886,238)
Net Tuition and Fees	54,922,026	-	-	54,922,026
Government Grants	3,185,719	-	-	3,185,719
Private Gifts and Grants	3,973,706	3,856,346	783,042	8,613,094
Change in Allowance for Uncollectible Pledges	-	(152,309)	-	(152,309)
Investment Income	70,523	24	-	70,547
Net Gain (Loss) on Investments	(10,563)	278,023	(178,075)	89,385
Sales and Services of Educational Activities	306,576	-	-	306,576
Other Sources	1,117,580	554,855	40	1,672,475
Sales and Services of Auxiliary Enterprises	9,846,731	-	-	9,846,731
Transfers	(1,081,984)	987,265	94,719	-
Adjustment of Actuarial Liability	1,845	2,119	57,941	61,905
	72,332,159	5,526,323	757,667	78,616,149
Net Assets Released from Restrictions	4,486,465	(4,486,465)	-	-
Total Revenue	76,818,624	1,039,858	757,667	78,616,149
EXPENSES				
Program Expenses:				
Instruction	31,996,252	-	-	31,996,252
Academic Support	5,474,602	-	-	5,474,602
Public Service	1,564,554	-	-	1,564,554
Student Services	14,253,232	-	-	14,253,232
Auxiliary Enterprises	9,626,586	-	-	9,626,586
Support Expenses:				
Institutional Support	10,519,392	-	-	10,519,392
Total Expenses	73,434,618	-	-	73,434,618
CHANGE IN OPERATING NET ASSETS	3,384,006	1,039,858	757,667	5,181,531
Endowment Income	-	475,001	-	475,001
Net Loss on Investments	-	(3,803,103)	-	(3,803,103)
CHANGE IN NET ASSETS	3,384,006	(2,288,244)	757,667	1,853,429
Net Assets - Beginning of Year	29,435,487	16,638,282	27,170,979	73,244,748
NET ASSETS - END OF YEAR	$ 32,819,493	$ 14,350,038	$ 27,928,646	$ 75,098,177

See accompanying Notes to Financial Statements.

AUGSBURG COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 5,902,141	$ 1,853,429
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation, Amortization and Accretion	4,252,049	4,182,431
Loss on Disposal of Plant Assets	28,540	67,746
Unrealized (Gains) Losses	(4,549,682)	3,580,842
Realized Losses	67,241	19,890
(Increase) Decrease in Cash Surrender Value of Life Insurance	(16,932)	375,353
Loan Cancellations and Assignments	54,571	57,668
Allowance for Doubtful Student Accounts	185,000	(165,000)
Allowance for Contributions Receivable	(717,943)	61,649
Change in Fair Value of Beneficial Interest in Perpetual Trusts	(561)	1,313
Adjustment of Actuarial Liability for Split-Interest Agreements	70,890	19,023
Change in Assets and Liabilities:		
Student Accounts Receivables	(181,776)	(201,129)
Government Grants Receivable	237,158	28,718
Other Receivables	137,432	876,505
Inventories	(7,311)	27,062
Prepaids Expenses and Other Assets	245,085	(360,025)
Contributions Receivable	1,942,834	(239,934)
Accounts Payable and Accrued Expenses	(1,844,917)	(94,180)
Deferred Revenue and Deposits	(554,469)	164,617
Funds Held in Custody for Others	(26,033)	273,121
Net Cash Provided by Operating Activities	5,223,317	10,529,099
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(448,478)	(3,047,252)
Proceeds from Investments	1,861,078	690,945
Change in Deposits with Bond Trustee	41,206	648,604
Purchase of Property, Plant, and Equipment	(1,882,399)	(3,383,474)
Disbursements of Loans to Students	(827,750)	(816,793)
Repayment of Loans from Students	915,643	764,930
Net Cash Used by Investing Activities	(340,700)	(5,143,040)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(2,009,456)	(2,831,550)
Payments on Split-Interest Agreements	(87,015)	(84,564)
Change in Annuity and Unitrust Liability	19,293	18,136
U.S. Government Grants Repayable	14,914	94,582
Net Cash Used by Financing Activities	(2,062,264)	(2,803,396)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,820,353	2,582,663
Cash and Cash Equivalents - Beginning of Year	8,869,667	6,287,004
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 11,690,020	$ 8,869,667
SUPPLEMENTAL CASH FLOWS INFORMATION		
Cash Paid During the Year for Interest	$ 1,361,019	$ 1,502,295

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

As one of the Evangelical Lutheran Church in America's (ELCA) most diverse urban institutions, Augsburg College offers undergraduate degrees in more than 50 major areas of study in a traditional day program and on evenings and weekends for working adults. The College also grants nine graduate degrees in business administration, creative writing, education, leadership, music therapy, nursing, physician assistant studies, and social work. Augsburg College educates students to be informed citizens, thoughtful stewards, critical thinkers, and responsible leaders. An Augsburg education is defined by excellence in the liberal arts and professional studies, guided by the faith and values of the Lutheran Church, and shaped by its urban and global settings. The Augsburg community is committed to intentional diversity in its life and work; as such, the College's nearly 4,000 students represent diversity of age, ability, religion, ethnicity, and culture. Augsburg's on-campus diversity is enhanced by its location in one of the Twin Cities' most diverse neighborhoods, a location that provides access for students to participate in community service and internship experiences that enhance their classroom learning and prepare them for work in a global society. Augsburg's commitment to academic quality, community service and experiential education have resulted in the College earning recognition as a top-producer of Fulbright Scholars, being named four times to the President's Higher Education Community Service Honor Roll and, in 2012, receiving the William Burke Presidential Award for Excellence in Experiential Education.

Basis of Presentation

The financial statements of the College have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

The College maintains its accounts in accordance with the principles of fund accounting. Resources for various purposes are classified into funds that are in accordance with activities or objectives specified by donors. Separate accounts are maintained for each fund.

For financial reporting purposes, resources are classified into net asset categories according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of the College and changes therein are classified and reported as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the board of trustees.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Temporarily Restricted – Net assets whose use by the College is subject to donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.

Permanently Restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all, or part, of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation. Temporarily restricted net assets for which donor-imposed restrictions are met in subsequent reporting periods, contributions and return on endowment investments for which donors have stipulated restrictions but which are met within the same reporting period, are reclassified to unrestricted net assets and reported as net assets released from restrictions. Net assets that have no donor-stipulated restrictions are reported as unrestricted support.

Contributions, including unconditional promises to give, are recognized as revenues in the period pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. Cash and cash equivalents designated for long-term investment purposes are included as investments. At times, cash may be in excess of the FDIC insurance limit.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Student Accounts Receivable

Receivables are stated at net realizable value and are unsecured. The College does not charge interest on its accounts receivable. The College provides an allowance for bad debts using the allowance method, which is based on management judgment considering historical information. Accounts past due more than 90 days are individually analyzed for collectability. When all collection efforts have been exhausted and no payments have been received, accounts are individually assessed for collectability and are written off against the related allowance. Recoveries of student accounts and loans receivable previously written off are recorded when received. At May 31, 2013 and 2012, the College provided an allowance of $755,000 and $570,000, respectively, against uncollectible accounts receivable and student loans receivable.

Government Grants and Contracts

Government grants and contract funds are recorded as revenue when earned as an exchange transaction. Revenue is recorded when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as government grants repayable. Expenditures under government grants and contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the College will record such disallowance at the time the determination is made.

Inventories

Inventories of supplies are valued at the lower of cost (first-in, first-out) or market.

Contributions Receivable

Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. Conditional promises are not included as revenue until such times as the conditions are substantially met.

Student Loans Receivable

Student loans receivable consist of loans made to students under U.S. government loan programs. After a student is no longer enrolled in an institution of higher education and after a grace period, interest is charged on Perkins student loans receivable and is recognized as it is charged. Perkins student loans receivable are considered to be past due if a payment is not made within 30 days of the payment due date, at which time, late fees are charged and recognized. The Perkins Loan Program receivables may be assigned to the U.S. Department of Education. Students may be granted a deferment, forbearance or cancellation of their student loan receivable based on eligibility requirements defined by the U.S. Department of Education. At May 31, 2013 and 2012, no allowance was provided against uncollectible student loans.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are carried at fair value, based upon quoted market prices. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur due to market fluctuation and that such changes could materially affect the amounts reported in the statements of activities. Changes in quoted market value are recorded as unrealized gains or losses in the period of change. Realized gains and losses on sales of securities are determined using the average cost method and are recorded on a trade-date basis.

Split-Interest Agreements

The College's split-interest agreements include charitable remainder trusts and charitable gift annuities. The College recognizes the contribution from charitable trusts when the irrevocable trust is established and recognizes the contribution from the charitable annuity gifts when the agreement is executed. The contribution amount when the College is the trustee is the difference between the fair value of assets received and the present value of the future cash flows expected to be paid to the designated beneficiaries. The contribution amount when the College is not the trustee is the present value of expected future cash flows from the trust. The College used interest rates ranging from 1.2% to 10.0% in making the calculations for the years ended May 31, 2013 and 2012.

Assets held by the College under deferred gift agreements totaled approximately $821,000 and $1,230,000 at May 31, 2013 and 2012, respectively.

Deposits Held by Trustee

The deposits held by trustee include amounts restricted for debt service and renewal and replacement as required by the trust indentures and other deposits.

Deferred Debt Acquisition Costs

Costs of bond issuance are deferred and amortized over the life of the bonds.

Beneficial Interest in Funds Held in Trust

The College is the beneficiary of perpetual trusts held by third parties. Under the terms of the trusts, the College has the irrevocable right to receive the income generated by the trust in perpetuity, but never receive the corpus of the trust. The beneficial interest in the perpetual trusts is recorded at the College's proportional share of the fair value of the underlying trust assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost at the date of acquisition or fair value at the date of donation less accumulated depreciation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted. In the absence of such stipulation, contributions of property and equipment are recorded as unrestricted. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Buildings are estimated to have 30 to 50 year lives. All other assets are depreciated over lives ranging up to 20 years. When applicable, interest is capitalized in connection with the construction of facilities and amortized over the asset's useful life. The College capitalizes property, plant and equipment expenditures in excess of $5,000.

U.S. Government Grants Refundable

Funds provided by the United States government under the Federal Perkins Loan Program are loaned to qualified students and may be re-loaned after collections. These funds are ultimately refundable to the United States government and are included as liability in the financial statements. Revenues from other government grants are recognized as they are earned in accordance with the agreement. Any funding received before it is earned is recorded as a refundable advance. Expenses incurred before cash is received are recorded as receivables.

Fair Value of Financial Instruments

The College follows an accounting standard that defines fair value, establishes a fair value hierarchy based on the quality of the inputs used to measure fair value, and requires expanded disclosures about fair value measurements. The College accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. Certain financial assets and liabilities are accounted for at fair value in accordance with applicable standards.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments where it is practicable to estimate that value:

> The carrying amounts of cash and cash equivalents, deposits with bond trustee, receivables, accounts payable, accrued expenses, and deferred revenue and deposits approximate fair value because of the short maturity of these financial instruments.
>
> Contributions receivable and liability under split-interest agreements approximate fair value using appropriate discount rates. The discount rates used in the calculations are the rates applied when the receivable or liability was originally recorded. These rates are deemed to approximate fair value due to the relative current maturities and the narrow range of discount rates used which approximates the current discount rate. Investments are carried at fair value. The College's beneficial interest in perpetual trusts is recorded at fair value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

Student loans receivable consist primarily of loans to students under U.S. government loan programs. The loans are stated at net realizable value in the accompanying statements. It is not practicable to estimate the fair value of these receivables since they contain federally-mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition. The fair value of loans receivable from students and related U.S. Government Grants Refundable under the College's loan programs approximate carrying value.

The carrying amounts of annuities payable are based on life expectancies, quoted market prices, and the applicable discount rates in effect at the time the agreements were received by the College. The carrying amount of long-term debt approximates fair value because these financial instruments bear interest at rates which approximate current market rates for notes with similar maturities and credit quality.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Estimates of fair value involve assumptions and estimation methods that are uncertain and, therefore, the estimates could differ from actual results.

The fair values for investments and other financial instruments recorded at fair value on a recurring basis are included in Note 7.

Fair Value Hierarchy

In accordance with accounting standards, the College has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for the identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the College has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tuition and Fees and Auxiliary Revenues

Tuition revenue is recognized in the period the classes are provided. Revenue from auxiliary enterprises is recognized when goods or services are provided. Financial assistance in the form of scholarships and grants that cover a portion of tuition, living and other costs is reflected as a reduction of tuition and fees revenues.

Deferred Revenue

Certain revenue related to courses and programs is deferred and recognized as revenue in the same period expenses are recognized. Students are generally billed for courses and programs prior to the start of the course or program.

Grants to Specified Students

Amounts received from state and federal agencies designated for the benefit of specified students are considered agency transactions and, therefore, are not reflected as revenues and expenses of the College.

Fund-Raising and Advertising Expenses

Fund-raising expenses approximated $2,657,000 and $1,704,000 for the years ended May 31, 2013 and 2012, respectively. Advertising expenses approximated $494,000 and $692,000 for the years ended May 31, 2013 and 2012, respectively. Advertising costs are expensed when incurred.

Impairment of Long-Lived Assets

The College reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. No impairment of long-lived assets occurred for the years ended May 31, 2013 and 2012.

Income Taxes

The College has received a determination letter from the Internal Revenue Service indicating it is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is subject to federal and state income tax only on net unrelated business income. The College engages in activities that are considered unrelated to its exempt purpose. These activities are subject to federal and state income taxes. Such activities generated a loss position in fiscal 2013 and 2012. Further, the College has a net operating loss carry-forward available to offset any taxable income from these unrelated activities. Accordingly, no federal or state tax provision is required. The net operating losses begin to expire in 2020.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The College adopted accounting standards for contingencies in evaluating uncertain tax positions and files as a tax exempt organization. No adjustments to the financial statements were required as a result of the implementation of this standard. The College has no current obligation for unrelated business income tax.

The College tax returns are subject to review and examination by federal authorities. Should that status be challenged in the future, the tax returns for the years 2010 through 2012 are subject to review by federal authorities.

Interest Expense

Interest charged to expense for the years ended May 31, 2013 and 2012 was $1,352,000 and $1,483,000, respectively.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Subsequent Events

In preparing these financial statements, the College has evaluated events and transactions for potential recognition or disclosure through September 30, 2013, the date the financial statements were available to be issued.

NOTE 2 STUDENT LOAN RECEIVABLE

The College issues uncollateralized loans to students based on financial need. Student loans are funded through Federal government programs or institutional resources. Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. At May 31, 2013 and 2012, student loans represented 4.4% and 4.6% of total assets, respectively. There was no allowance for doubtful accounts at May 31, 2013 and 2012. No accounts were written off as uncollectible during the years ended May 31, 2013 and 2012.

NOTE 2 STUDENT LOAN RECEIVABLE (CONTINUED)

Funds advanced by the Federal government of $4,983,642 and $4,968,728 at May 31, 2013 and 2012, respectively, are ultimately refundable to the government and are classified as liabilities in the statement of financial position.

At May 31, 2013 and 2012, the following amounts were past due under student loan programs:

May 31,	1-60 Days Past Due	60-90 Days Past Due	90+ Days Past Due	Total Past Due
2013	$ 3,452	$ 1,120	$ 35,707	$ 40,279
2012	14,600	10,700	13,300	38,600

NOTE 3 INVESTMENTS

Endowments

The College endowment consists of approximately 350 individual endowments established for a variety of operating and scholarship purposes. The College records the original value of the gifts, subsequent gifts, and any accumulated earnings as directed by donor agreement which are donor-restricted to the permanently restricted endowment.

Accumulated earnings which are not appropriated for expenditure are recorded as temporarily restricted. The College considers the following factors in making a determination to appropriate or accumulate donor restricted endowments funds:

1) The duration and preservation of the funds
2) The purposes of the College and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the organization
7) The investment policies of the College

Endowment funds are managed primarily by an outside fund manager selected by the College.

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the governing board, the endowment assets are invested in a manner that is intended to produce results that exceed the costs of inflation and the spend rate while assuming a moderate level of investment risk. The College expects its endowment funds, over time, to provide an average annual rate of approximately 7% annually. Actual returns in any year may vary from this amount.

NOTE 3 INVESTMENTS (CONTINUED)

Endowments (Continued)

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The College has a policy of appropriating for distribution each year 4% of its endowment fund's average fair value over the prior 12 quarters through the prior fiscal year-end. In establishing this policy, the College considered the long-term expected return on its endowment. Accordingly, over the long term, the College expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the College's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Based on this formula and spending rate, the total distributable income for the years ended May 31, 2013 and 2012 amounted to approximately $1,126,000 and $1,145,000, respectively. Endowment income is presented net of investment fees of approximately $91,000 and $68,000 for the years ended May 31, 2013 and 2012, respectively.

During 2008, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective in the State of Minnesota. In August 2008, the FASB issued guidance on the classification of endowment funds net assets for states that have enacted versions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) that enhances disclosures for endowment funds. Under UPMIFA all unappropriated endowment fund assets are considered restricted.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were approximately $221,000 and $1,341,000 as of May 31, 2013 and 2012, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the governing board. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

NOTE 3 INVESTMENTS (CONTINUED)

Endowment Net Asset Composition by Type of Fund as of May 31, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ (220,961)	$ 6,428,638	$ 28,344,953	$ 34,552,630

Endowment Related Activities for the year ended May 31, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, June 1, 2012	$ (1,341,183)	$ 3,892,204	$ 27,227,073	$ 29,778,094
Investment Return:				
Investment Income	-	406,598	-	406,598
Net Realized and Unrealized Gains	-	4,370,205	-	4,370,205
Total Investment Return	-	4,776,803	-	4,776,803
Contributions	-	-	1,021,877	1,021,877
Appropriations of Endowment Assets for Expenditure - Designated	-	(1,008,737)	-	(1,008,737)
Appropriations of Endowment Assets for Expenditure - General	-	(111,410)	-	(111,410)
Transfers (Fair Value Adjustment for Permanently Restricted)	1,120,222	(1,120,222)	-	-
Other Changes	-	-	96,003	96,003
Endowment Net Assets, May 31, 2013	$ (220,961)	$ 6,428,638	$ 28,344,953	$ 34,552,630

Endowment Net Asset Composition by Type of Fund as of May 31, 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ (1,341,183)	$ 3,892,204	$ 27,227,073	$ 29,778,094

NOTE 3 INVESTMENTS (CONTINUED)

Endowments (Continued)

Endowment Related Activities for the year ended May 31, 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, June 1, 2011	$ (187,648)	$ 6,999,415	$ 26,456,268	$ 33,268,035
Investment Return:				
Investment Income	-	474,996	-	474,996
Net Realized and Unrealized Losses	-	(3,514,468)	-	(3,514,468)
Total Investment Return	-	(3,039,472)	-	(3,039,472)
Contributions	-	-	741,606	741,606
Appropriations of Endowment Assets for Expenditure - Designated	-	(1,084,164)	-	(1,084,164)
Appropriations of Endowment Assets for Expenditure - General	-	(137,110)	-	(137,110)
Transfers (Fair Value Adjustment for Permanently Restricted)	(1,153,535)	1,153,535	-	-
Other Changes	-	-	29,199	29,199
Endowment Net Assets, May 31, 2012	$ (1,341,183)	$ 3,892,204	$ 27,227,073	$ 29,778,094

The following summarizes the College's endowment investments at May 31, 2013 and 2012:

	2013	2012
Cash and Short-Term Investments	$ 184,570	$ 201,265
Equity Funds	18,485,546	15,226,276
Fixed Income Funds	4,430,593	4,739,566
Commodity Funds	1,581,758	820,302
Alternative Investments	9,656,488	8,584,998
Cash Surrender Value of Life Insurance	213,675	205,687
Total	$ 34,552,630	$ 29,778,094

As of May 31, 2013, the College has commitments to make additional investments in the various alternative investments of approximately $3,512,000.

NOTE 3 INVESTMENTS (CONTINUED)

Endowments (Continued)

The College's unrealized gains on hedge funds were approximately $287,000 for the year ended May 31, 2013. The College's unrealized losses on hedge funds were approximately $305,000 for the year ended May 31, 2012.

Investments, in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and, that such changes could materially affect the amounts reported in the financial statements.

Through the College's alternative investments, the College is indirectly involved in investment activities such as securities lending, trading in futures, forward contracts and other derivative products. Derivatives are used to adjust portfolio risk exposure. While these instruments may contain varying degrees of risk, the College's risk with respect to such transactions is limited to its respective share in each investment pool.

Other Investments

The following summarizes the College's investments held for deferred gift and other purposes at May 31, 2013 and 2012:

	2013	2012
Cash and Short-Term Investments	$ 232,564	$ 862,761
Equity Funds	650,122	1,384,326
Fixed Income Funds	256,505	328,780
Commodity Funds	39,618	23,983
Real Estate Funds	42,115	39,881
Real Estate	856,000	1,137,146
Alternative Investments	241,862	251,002
Alternative Investments - Other	33,245	28,847
Total	$ 2,352,031	$ 4,056,726

Deposits Held by Trustee

The following summarizes debt service reserves at May 31, 2013 and 2012:

	2013	2012
Cash and Short-Term Investments	$ 83,842	$ 43,309
Fixed Income Funds	2,456,550	2,538,289
Total	$ 2,540,392	$ 2,581,598

NOTE 4 CONSTRUCTION IN PROGRESS

At May 31, 2013, the College had incurred costs related to the following building and renovation projects:

	Construction in Progress
Center for Science, Business and Religion	$ 1,940,473
Miscellaneous Projects	44,170
Total	$ 1,984,643

These construction projects will be financed through a combination of private gifts, grants, debt and operations.

NOTE 5 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following at May 31, 2013 and 2012:

	2013	2012
Land	$ 3,530,439	$ 3,530,439
Buildings	68,737,043	68,737,043
Building Improvements	33,976,378	32,711,447
Equipment and Library Books	10,761,541	10,298,394
Total	117,005,401	115,277,323
Accumulated Depreciation	(53,443,029)	(49,312,555)
Total Property, Plant and Equipment	$ 63,562,372	$ 65,964,768

Depreciation expense totaled $4,224,115 and $4,157,084 for the years ended May 31, 2013 and 2012, respectively.

NOTE 6 CONTRIBUTIONS RECEIVABLE

Contributions receivable include the following unconditional promises to give at May 31, 2013 and 2012:

	2013	2012
Temporarily Restricted - Operations	$ 713,346	$ 962,266
Temporarily Restricted - Plant Projects	1,206,349	2,449,322
Permanently Restricted - Endowment	256,066	707,008
Gross Unconditional Promises to Give	2,175,761	4,118,596
Unamortized Discount	(53,797)	(310,970)
Estimated Uncollectible	(468,663)	(929,434)
Net Contributions Receivable	$ 1,653,301	$ 2,878,192

Amounts Due in:	
Less than One Year	$ 856,548
One to Five Years	1,319,213
Total	$ 2,175,761

Promises due in one to five years were discounted at interest rates ranging from .67% to 6% for each of the years ended May 31, 2013 and 2012. Promises due in less than one year were not discounted. Related party contributions receivable were approximately $501,000 and $1,038,000 at May 31, 2013 and 2012, respectively.

NOTE 7 FAIR VALUE MEASUREMENTS

The College uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the College measures fair value refer to Note 1 – Summary of Significant Accounting Policies.

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the College's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of May 31, 2013:

	Level 1	Level 2	Level 3	Total
Cash and Short-Term Investments	$ 289,872	$ 211,104	$ -	$ 500,976
Equity Mutual Funds	163,346	-	-	$ 163,346
Fixed Income Mutual Funds	145,534	2,456,549	-	2,602,083
Domestic Equity Funds	30,881	8,726,315	-	8,757,196
International Equity Funds	-	10,215,111	-	10,215,111
Fixed Income Funds	-	4,541,565	-	4,541,565
Commodities Funds	33,245	748,563	-	781,808
Real Estate Funds	42,115	-	-	42,115
Alternative Investments:				
Hedge Funds	-	4,478,338	2,814,088	7,292,426
Real Asset Funds	-	872,813	1,210,503	2,083,316
Distressed Credit Funds	-	-	1,035,579	1,035,579
Private Equity Funds	-	-	359,844	359,844
Beneficial Interest in Funds Held in Trust	-	-	23,476	23,476
Total	$ 704,993	$ 32,250,358	$ 5,443,490	$ 38,398,841

The following table presents the College's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of May 31, 2012:

	Level 1	Level 2	Level 3	Total
Cash and Short-Term Investments	$ 92,561	$ 1,014,775	$ -	$ 1,107,336
Equity Mutual Funds	946,250	-	-	946,250
Fixed Income Mutual Funds	188,867	2,538,289	-	2,727,156
Domestic Equity Funds	-	9,696,331	-	9,696,331
International Equity Funds	-	5,968,021	-	5,968,021
Fixed Income Funds	-	4,879,479	-	4,879,479
Commodities Funds	28,847	844,286	-	873,133
Real Estate Funds	39,881	-	-	39,881
Alternative Investments:				
Hedge Funds	-	3,681,465	2,181,614	5,863,079
Real Asset Funds	-	948,393	937,385	1,885,778
Distressed Credit Funds	-	-	898,945	898,945
Private Equity Funds	-	-	188,196	188,196
Beneficial Interest in Funds Held in Trust	-	-	22,915	22,915
Total	$ 1,296,406	$ 29,571,039	$ 4,229,055	$ 35,096,500

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

The College adjusted real estate assets to fair value based on appraised values of these assets using Level 3 inputs in 2012. There were no adjustments made in 2013.

The following table presents the College's fair value hierarchy for those assets and liabilities measured at fair value on a non-recurring basis as of May 31, 2012:

	Level 1	Level 2	Level 3	Total	Year Ended May 31, 2012 Total Losses
Real Estate Held for Sale	$ -	$ -	$ 1,137,146	$ 1,137,146	$ 177,435

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value:

Cash and Short-Term Investments – Cash is classified as Level 1 because it is a readily exchangeable currency. The fair value of short-term investments, consisting primarily of money market funds, is classified as Level 2 as these funds are not traded on a regular basis.

Certificates of Deposits – The fair value of certificates of deposit is classified as Level 2 as these funds are not traded on a regular basis.

Government Obligations – Investments in government bonds are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

Equity Mutual Funds **–** Investments in equity mutual funds are classified as Level 1 as they are traded in an active market for which closing prices are readily available.

Fixed Income Mutual Funds – Investments in fixed income mutual funds are classified as either Level 1 or Level 2 depending upon the source of information. Fixed income mutual funds classified as Level 1 are based on them trading with sufficient frequency and volume to enable the College to obtain pricing information on an ongoing basis. Fixed income mutual funds classified as Level 2 are based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

Domestic Equity Funds – Investments in domestic equity funds are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

International Equity Funds – Investments in international equity funds are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

Fixed Income Funds – Investments in fixed income funds are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

Commodities Funds – Investments in commodities funds are classified as either Level 1 or Level 2 depending upon the source of information. Commodities funds classified as Level 1 are based on them trading in an active market for which closing prices are readily available. Commodities funds classified as Level 2 are based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

Real Estate Funds – Real estate funds are classified as Level 1 as they are traded in an active market for which closing prices are readily available.

Alternative Investments – Hedge Funds – Investments in hedge funds are classified as Level 2 or 3 depending upon the redemption period. Those funds classified as Level 2 are based on the NAV as reported by the fund monthly and are fully redeemable within 95 days. The hedge funds classified as Level 3 are based on the NAV as reported by the fund monthly and are not redeemable within 95 days.

Alternative Investments – Real Asset Funds – Investments in real asset funds are classified as Level 3 as the valuation is based on significant unobservable inputs. In cases where the investee has provided its investors with a net asset value per share that has been calculated in accordance with the AICPA Audit and Accounting Guide, *Investment Companies*, the College has estimated its fair value by using the net asset value provided by the investee as of March 31, adjusted for cash receipts and cash disbursements through May 31.

Alternative Investments – Distressed Credit Funds – Investments in distressed credit funds are classified as Level 3 as the valuation is based on significant unobservable inputs. In cases where the investee has provided its investors with a net asset value per share that has been calculated in accordance with the AICPA Audit and Accounting Guide, *Investment Companies*, the College has estimated its fair value by using the net asset value provided by the investee as of March 31, adjusted for cash receipts and cash disbursements through May 31.

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

Alternative Investments – Private Equity Funds – Investments in private equity funds are classified as Level 3 as the valuation is based on the net asset value as reported by the fund and the College does not have the ability to redeem its investment at net asset value within 95 days. The College has estimated its fair value by using the net asset value provided by the investee as of March 31, adjusted for cash receipts and cash disbursements through May 31.

Beneficial Interest in Funds Held in Trust – The College's beneficial interest in irrevocable split interest agreements held or controlled by a third party are classified as Level 3 as the fair values are based on a combination of Level 2 inputs (interest rates and yield curves) and significant unobservable inputs (entity specific estimates of cash flows). The fair values are measured at the present value of the future distributions the College expects to receive over the term of the agreements.

While the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table presents the College's activity for assets measured at fair value and a recurring basis using significant unobservable inputs (*Level 3*) as defined in Note 1 – Summary of Significant Accounting Policies for the year ended May 31, 2013:

	May 31, 2012	Net Realized and Unrealized Gains (Losses) included in Change in Net Assets	Purchases	Sales	May 31, 2013
Real Estate Funds	$ 937,385	$ 61,665	$ 363,442	$ (151,989)	$ 1,210,503
Distressed Credit Funds	898,945	107,034	29,600	-	1,035,579
Hedge Funds	2,181,614	287,474	345,000	-	2,814,088
Private Equity Funds	188,196	(1,352)	173,000	-	359,844
Beneficial Interest in Funds Held in Trust	22,915	561	-	-	23,476
Total	$ 4,229,055	$ 455,382	$ 911,042	$ (151,989)	$ 5,443,490

The amount of total gains or losses for the period included in change in net assets attributable to the change in unrealized gains or losses relating to Level 3 financial instruments still held at May 31, 2013	$ 457,732

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the College's activity for assets measured at fair value and a recurring basis using significant unobservable inputs (*Level 3*) as defined in Note 1 – Summary of Significant Accounting Policies for the year ended May 31, 2012:

	May 31, 2011	Net Realized and Unrealized Gains (Losses) included in Change in Net Assets	Purchases	Sales	May 31, 2012
Real Estate Funds	$ 247,737	$ 32,028	$ 659,500	$ (1,880)	$ 937,385
Distressed Credit Funds	664,198	35,497	199,250	-	898,945
Hedge Funds	3,363,866	(305,063)	1,119,654	(1,996,843)	2,181,614
Private Equity Funds	53,701	(3,504)	137,999	-	188,196
Beneficial Interest in Funds Held in Trust	24,228	(1,313)	-	-	22,915
Total	$ 4,353,730	$ (242,355)	$ 2,116,403	$ (1,998,723)	$ 4,229,055

The amount of total gains or losses for the period included in change in net assets attributable to the change in unrealized gains or losses relating to Level 3 financial instruments still held at May 31, 2012	$ (202,307)

The fair value of certain funds has been estimated using the Net Asset Value (NAV) as reported by the management of the fund. FASB guidance allows for the use of the NAV as a "practical expedient" estimating the fair value of alternative investments. NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the College's interest in the fund. Investments are categorized as Level 2 instruments when the College has the ability to redeem its investment in the entity at the NAV per share in the near term. If the College does not know when it will have the ability to redeem its investment or it does not have the ability to redeem its investment at NAV per share in the near term, the investments are categorized as Level 3 instruments The College generally considers a redemption period of 95 days or less to be considered near term.

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Measurements of Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent) as of May 31, 2013:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Domestic Equity Funds	$ 8,726,315	$ -	Monthly	5 Days
International Equity Funds	10,215,111	-	Monthly	5 Days
Fixed Income Funds	4,171,067	-	Weekly	5 Days
Fixed Income Funds	370,498	-	Monthly	5 Days
Commodities Funds	748,563	-	Monthly	5 Days
Hedge Funds	4,478,338	-	Quarterly	95 Days
Hedge Funds	2,814,088	-	Annually	95 Days
Real Asset Funds	872,813	-	Daily	2 Days
Real Asset Funds	1,210,503	1,609,972	N/A	N/A
Distressed Credit Funds	1,035,579	223,600	N/A	N/A
Private Equity Funds	359,844	1,678,600	N/A	N/A

Fair Value Measurements of Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent) as of May 31, 2012:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Domestic Equity Funds	$ 2,974,220	$ -	Weekly	5 Days
Domestic Equity Funds	6,722,111	-	Monthly	5 Days
International Equity Funds	5,968,021	-	Monthly	5 - 30 Days
Fixed Income Funds	1,359,628	-	Weekly	5 Days
Fixed Income Funds	3,519,851	-	Monthly	5 Days
Commodities Funds	844,286	-	Monthly	5 - 30 Days
Hedge Funds	3,681,465	-	Quarterly	95 Days
Hedge Funds	2,181,614	-	Annually	95 Days
Real Asset Funds	948,393	-	Daily	2 Days
Real Asset Funds	937,385	1,001,600	N/A	N/A
Distressed Credit Funds	898,945	253,200	N/A	N/A
Private Equity Funds	188,196	1,999,250	N/A	N/A

NOTE 8 NOTES PAYABLE TO MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

The following is a summary of the notes and leases payable to the Minnesota Higher Education Facilities Authority (the Authority) for the following bonds issued by the Authority:

	Original Balance	Balance as of May 31, 2013	Balance as of May 31, 2012
Series Six-C Bonds of 2005	$ 6,780,000	$ 6,780,000	$ 6,780,000
Series Six-J1 Bonds of 2006	15,655,000	14,010,000	14,330,000
Series Six-J2 Bonds of 2006	5,000,000	3,500,000	3,800,000
Series Seven-G Bonds of 2010	8,860,000	7,125,000	7,990,000
Total		$ 31,415,000	$ 32,900,000

Series Six-C Bonds of 2005 – In April 2005, the Minnesota Higher Education Facilities Authority issued $6,780,000 of Revenue Bonds and entered into a note agreement with the College. The revenue bonds mature in annual installments of $145,000 to $375,000 on May 1, 2014 through 2016 with payments of $1,175,000, $1,750,000 and $2,960,000 due May 1, 2018, 2020 and 2023, respectively. The term bonds maturing in the years 2018, 2020 and 2023 are subject to annual sinking fund payments on May 1 in the years 2017 through 2023 in amounts varying from $365,000 to $1,035,000. The interest rates vary from 4.15% to 5.00% with interest payable each November and May. The loan repayments are a general obligation of the College.

The bond proceeds were used to pay part of the outstanding principal on the Series Four F-1 Bonds and the Series Four-W Notes.

Series Six-J1 Bonds of 2006 – In July 2006, the Minnesota Higher Education Facilities Authority issued $15,655,000 of Revenue Bonds and entered into a note agreement with the College. The revenue bonds mature in annual installments of $320,000 to $390,000 on May 1, 2013 through 2017 with payments of $595,000, $1,295,000, $4,540,000, and $6,715,000 due May 1, 2012, 2020, 2028, and 2036, respectively. The term bonds maturing in the years 2012, 2020, 2028, and 2036 are subject to annual sinking fund payments on May 1 in the years 2011 through 2012 and years 2018 through 2036 in amounts varying from $290,000 to $990,000. The bonds bear an interest rate of 5.00% and interest is payable each November and May. The loan repayments are a general obligation of the College.

The bond proceeds were used to construct, equip and furnish the Oren Gateway Center.

NOTE 8 NOTES PAYABLE TO MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY (CONTINUED)

Series Six-J2 Bonds of 2006 – In July 2006, the Minnesota Higher Education Facilities Authority issued $5,000,000 of Variable Rate Demand Revenue Bonds and entered into a note agreement with the College. Because the bonds are variable rate, the trust indenture does not require periodic principal payments, but rather creates a term bond that is due in full on the maturity date of May 1, 2021. The interest rate at May 31, 2013 and 2012 was 0.1% and 0.2%, respectively. Security on the bonds is provided through an unsecured letter of credit with Harris Bank (the Bank) which expires October 31, 2016. With the Bank's consent, the College may optionally redeem the bonds in authorized denominations at any time. The reimbursement agreement with the Bank also requires that the bonds be reduced annually, prior to their maturity pursuant to the trust indenture, by July 1 beginning in 2008 in amounts that range from $300,000 to $400,000. The interest is set by the remarketing agent and paid monthly. The loan repayments are a general obligation of the College.

The bond proceeds were used to support construction of the Kennedy addition to the Si-Melby Athletic building, the Oren Gateway Center building and remodeling of the Augsburg House.

Series Seven-G Bonds of 2010 – In October 2010, the Minnesota Higher Education Facilities Authority issued $8,860,000 of Revenue Bonds and entered into a note agreement with the College. The revenue bonds mature in annual installments of $245,000 to $880,000 on October 1, 2011 through 2027. The interest rates vary from 1.75% to 5.00% with interest payable each October and April. The loan repayments are a general obligation of the College.

The bond proceeds were used to pay the outstanding principal on the Series Four-Y Bonds of 1972.

The loan agreements and the reimbursement agreement associated with the bonds and the irrevocable letter of credit include usual and customary financial and nonfinancial covenants with which the College is required to comply. The covenants include filing of certain reports and certifications by the College within prescribed timeframes, maintenance of certain financial ratios and asset balances, and certain restrictions of the incurrence of additional long-term debt as specified in the agreements.

Due to the remarketing feature of the bonds, there is a legal obligation where the entire amount of the Series Six-J2 bonds could become due immediately if remarketing is unsuccessful and therefore the bonds are considered current for financial statements purposes. If remarketing continues to be successful, the bonds would continue to be paid according to the terms of the bond agreements.

NOTE 8 NOTES PAYABLE TO MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY (CONTINUED)

Below are the legal and practical scheduled maturities of bonds payable for each of the next five years and thereafter:

Year Ending May 31,	Contractual Maturities	Scheduled Maturities	Sinking Fund Requirements
2014	$ 1,680,000	$ 2,380,000	$ -
2015	2,055,000	2,655,000	-
2016	2,095,000	2,695,000	-
2017	1,770,000	1,870,000	365,000
2018	1,820,000	1,420,000	1,220,000
Thereafter	21,995,000	20,395,000	19,985,000
Total	$ 31,415,000	$ 31,415,000	$ 21,570,000

NOTE 9 LOAN PAYABLE

The College has a sale leaseback arrangement with Hennepin County on its Ice Arena Facilities in the amount of $2,550,000. The lease requires the College to make lease payments in amounts and at times sufficient to pay the principal and interest on certain bonds which are a general obligation of Hennepin County. The lease is a 20-year term ending December 1, 2018 with the annual payments ranging between $195,460 and $199,545. At the end of the lease term, ownership of the Ice Arena Facilities will revert back to the College. The outstanding balance at May 31, 2013 and 2012 was $1,010,000 and $1,150,000, respectively.

Proceeds from this transaction were used for various deferred maintenance and renovation projects within the College's athletic facilities and Sverdrup Hall.

The College has a $3,000,000 line of credit agreement with Wells Fargo Bank, National Association (the Bank). Interest on the line of credit varies with the Bank's reference rate. The line of credit expires on March 1, 2014. There were no outstanding borrowings under this arrangement at May 31, 2013 and 2012.

Annual maturities of the loan payable for each of the next five years and thereafter are as follows:

Year Ending May 31,	Contractual Maturities	Sinking Fund Requirements
2014	$ -	$ 150,000
2015	305,000	155,000
2016	-	165,000
2017	-	170,000
2018	-	180,000
Thereafter	705,000	190,000
Total	$ 1,010,000	$ 1,010,000

NOTE 10 ENVIRONMENTAL REMEDIATION

The College owns several buildings on campus that contain environment contaminants in various forms. At this time, the College has no plans to renovate or demolish the buildings over their estimated remaining useful lives of 25-50 years. However, in accordance with applicable standards, management has estimated the cost of any potential obligation to remove contaminants and periodically undertakes abatement measures. The College used a future value rate assumption of 3.5% and brought that estimate back to present value using a risk-free rate of return of 5% in making this determination. The potential environmental remediation liability is $473,825 and $508,421 at May 31, 2013 and 2012, respectively, and is recorded as an accrued liability on the statement of financial position.

NOTE 11 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at May 31, 2013 and 2012:

	2013	2012
Gifts and Other Unexpended Revenues Available for:		
Scholarships, Instruction and Other Support	$ 1,402,305	$ 1,164,216
Acquisition of Buildings and Equipment	8,518,561	6,933,850
	9,920,866	8,098,066
Contributions Receivable	1,455,002	2,340,370
Annuity, Life Income and Similar Funds	28,941	19,398
Donor-Restricted Endowment Funds	6,428,638	3,892,204
Total	$ 17,833,447	$ 14,350,038

Net assets released for time and purpose restrictions were $4,089,933 and $4,594,938 for the years ended May 31, 2013 and 2012, respectively.

Permanently restricted net assets consist of the following at May 31, 2013 and 2012:

	2013	2012
Contributions Receivable	$ 198,299	$ 537,819
Annuity, Life Income and Similar Funds	94,866	163,754
Donor-Restricted Endowment Funds	28,344,953	27,227,073
Total	$ 28,638,118	$ 27,928,646

NOTE 12 FUNCTIONAL EXPENSES

Expenses with the exception of interest, depreciation and plant expenses are specifically allocated to the various programs and supporting services. Interest, depreciation and plant expenses are allocated based on the ratio of functional category expenses to total expenses.

Expenses reported in the financial statements are classified among program services and supporting activities as follows:

	2013	2012
Operation and Maintenance of Plant	$ 6,899,297	$ 6,623,540
Depreciation, Amortization and Accretion	4,226,977	4,274,674
Interest	1,352,071	1,483,128
Total Allocated Expenses	$ 12,478,345	$ 12,381,342

NOTE 13 EMPLOYEE BENEFITS

Retirement Plans

The College has two contributory defined contribution retirement plans for academic and nonacademic personnel. Contributions are based on a percentage of compensation. The cost of the retirement plans amounted to approximately $2,253,000 and $2,167,000 for the years ended May 31, 2013 and 2012, respectively.

NOTE 14 LEASE COMMITMENTS

The College is a party to various cancelable and non-cancelable lease agreements involving equipment and building space. Interest rates implicit to the lease agreements range from 0% to 5.3%.

The College's equipment held under capital leases are recorded on the statements of financial position and consists of the following:

	2013	2012
Assets Held Under Lease Agreements	$ 1,214,043	$ 1,496,814
Accumulated Depreciation for Leased Assets	(1,084,431)	(994,979)
Total	$ 129,612	$ 501,835

There is $341,486 and $428,736 of capital lease amortization included in depreciation pertaining to this equipment for the years ended May 31, 2013 and 2012, respectively.

NOTE 14 LEASE COMMITMENTS (CONTINUED)

Minimum future lease obligations in effect at May 31, 2013 are as follows:

Year Ending May 31,	Capital	Operating
2014	$ 131,335	$ 303,881
2015	-	220,867
2016	-	34,030
2017	-	14,700
Total Minimum Lease Payments	131,335	$ 573,478
Less: Amount Representing Interest	(1,197)	
Present Value of Minimum Lease Payments	$ 130,138	

Rental expense on operating leases consisting of equipment and classroom space was approximately $268,000 and $166,000 for the years ended May 31, 2013 and 2012, respectively.

NOTE 15 COMMITMENTS

The College has an agreement with NRG Energy Center, Inc. under which NRG furnishes all of the College’s steam requirements. The agreement calls for a fixed monthly steam demand charge of $20,881 and a variable demand charge based on steam consumption. This agreement is for a 25-year period ending December 31, 2021.

NOTE 16 CONTINGENCIES

The College is subject to certain claims arising out of the ordinary course of business. Although it is not possible to predict the outcome of these claims, management believes they will not have a material effect on the financial condition of the College.

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UNAUDITED STATEMENT OF FINANCIAL POSITION AND UNAUDITED STATEMENT OF ACTIVITIES FOR 11 MONTHS ENDED APRIL 30, 2014 WITH COMPARATIVE TOTALS FOR APRIL 30, 2013

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AUGSBURG COLLEGE
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS OF APRIL 30, 2014 AND 2013

	APRIL 2014	APRIL 2013
ASSETS		
Cash and cash equivalents	$ 22,743,834	$ 14,560,217
Student accounts receivable, net	2,717,375	3,173,661
Government grants receivable	432,376	774,071
Accrued interest receivable	7,828	7,830
Other receivables	1,237,838	939,148
Inventories	44,835	37,523
Prepaid expense and other assets	577,076	472,107
Contributions Receivable	2,384,706	1,973,040
Student notes receivable	5,871,536	5,813,054
Cash surrender value of life insurance	501,416	784,274
Endowment investments	38,212,935	35,144,356
Other investments	572,861	1,445,173
Deposits held by trustees	3,572,841	3,421,789
Deferred debt acquisition costs	352,867	380,831
Beneficial Interest in Funds Held in Trust	23,476	22,915
Construction in progress	2,623,332	1,952,473
Property, plant and equipment	60,703,516	63,763,191
TOTAL ASSETS	**$ 142,580,648**	**$ 134,665,653**
LIABILITIES		
Accounts payable	$ 161,205	$ 128,707
Accrued liabilities	5,801,118	6,263,101
Student deposits	1,318,278	946,817
Longterm debt	31,290,126	32,896,285
Annuities payable	847,393	838,518
Funds held in custody for others	345,342	371,375
Governments grants refundable	4,966,553	5,011,774
Total Liabilities	**$ 44,730,015**	**$ 46,456,577**
NET ASSETS		
Unrestricted	$ 34,528,753	$ 32,819,493
Temporarily restricted	17,833,447	14,350,038
Permanently restricted	28,638,118	27,928,646
Current Earnings	16,850,315	13,110,899
Total Net Assets	**$ 97,850,633**	**$ 88,209,076**
TOTAL LIABILITIES AND NET ASSETS	**$ 142,580,648**	**$ 134,665,653**

AUGSBURG COLLEGE
UNAUDITED STATEMENT OF ACTIVITIES
ELEVEN MONTHS ENDED APRIL 30, 2014 AND 2013

	6/1/13 - 4/30/14	6/1/12 - 4/30/13
REVENUES, GAINS AND OTHER SUPPORT		
Tuition and fees	$ 79,954,732	$ 80,032,073
Scholarships and grants	(27,312,942)	(25,673,749)
Government grants	2,302,978	2,218,887
Private gifts and grants	7,989,254	5,000,140
Endowment income	419,226	405,672
Investment income	35,032	32,952
Gains/(Losses) on endowment investments	2,633,229	4,371,881
Sales and services of educational activities	321,053	384,218
Other sources of income	2,845,101	2,126,131
Sales and services of auxiliary enteprises	10,704,303	9,887,002
Adjustment of actuarial liability	(88,385)	(85,888)
Total revenues, gains and other support	**$ 79,803,581**	**$ 78,699,319**
EXPENSES AND LOSSES		
Compensation	$ 36,124,921	$ 38,695,066
Student compensation	1,449,223	1,584,242
Misc institutional expenditures	3,768,210	3,398,417
Discretionary expenditures	8,923,484	9,091,253
IT leases, contracts and software	1,255,738	1,197,923
Physical plant maintenance	3,241,009	3,329,775
Utilities, taxes and insurance	3,219,200	3,073,934
Depreciation & amortization	3,679,688	3,897,947
Interest Expense	1,291,793	1,319,863
Total expenses and losses	**$ 62,953,266**	**$ 65,588,420**
INCREASE/(DECREASE) IN NET ASSETS	**$ 16,850,315**	**$ 13,110,899**

AUGSBURG
COLLEGE

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